

Global tax burden

Survey on world taxation



Free trade fall-out on US economy



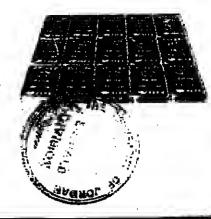
UK unemployment

A lasting scar on the economic landscape

Cambodia All that glisters

Page 18

is gold



FINANCIAL TIMES

Europe's Business Newspaper

Yeltsin supporter seeks to tame rival's parliament

Supporters of Russian president Boris Yeltsin proposed a constitutional "compromise" which would neutralise the Russian parliament led by his arch-rival, Ruslan Khasbulatov. Deputy prime minister Sergei Shakhrai said the constitution, drafts of which are being prepared by teams representing the president and parliament, abould be agreed not by parliament, but by a constituent assembly or alternatively by a referendum. Page 2

ANC fails to ratify plan: The African National Congress decided not to ratify a power-sharing plan, agreed in principle last week with the South African government, until its members had been consulted. The move damps hopes of rapid progress toward a constitutional settlement in South Africa.

nations for British film



Howard's End, a film set in Edwardian England, received nine Academy Award Oscar nominations, including best actress for Britain's Emma Thompson (left, with Anthony Hopkins in a scene from the film). Clint Eastwood's western Unforgiven also got

China invites bids for oil exploration China invited foreign oil companies to submit exploration bids for promising onshore areas, including the vast Tarim basin in the country's remote north-west. Page 26

Audi to press ahead with new models: Audi, luxury car division of Volkswagen, is pressing ahead with ambitious development plans despite a planned production cut of between 10 per cent and 15 per cent this year. Page 19

Japanese tax cut unlikely: Japan's ruling Liberal Democrats indicated that a cut in income tax cut was unlikely to form part of a package to stimulate the economy, expected to be announced in the spring. Page 5

Canon moves ahead: Office equipment and camera manufacturer Canon last year suffered a small decline in sales but reported a profit rise of 1.3 per cent to Y77.13bn (\$637m), due mainly to the strength of its computer peripherals busi-

China frees students: China freed the last two student leaders rounded up after the 1989 pro-democracy protests that led to hundreds of deaths in Beijing's central Tiananmen square.

EDF increases sales: State-controlled utility group Electricité de France raised profits by 32 per cent to FFr2.5bn (\$452.3m) in 1992, because of increased domestic and export sales, lower primary prices and to debt reduction. Page 21

Campbell Soup in the red: US foods group Campbell Soup reported a net loss of \$115.9m, in its second quarter because of an anticipated \$300m write-off taken in connection with an international restructuring and divestiture programme.

Péchiney profits down: State-controlled French aluminium group Pechiney, which this week emerged as a potential investor in packaging company CarnaudMetaiBox, saw net profits fall to around FFr200m (\$35m) last year from FFr820m

Rhône-Poulenc expects privatisation: Chemical group Rhone-Poulenc, in which the French government holds a 43 per cent stake, said it expected to be fully privatised if the socialist government lost next month'a general election.

Backing for Maastricht: Britain's opposition Labour leader John Smith, persuaded most of his party's MPs not to back "wrecking" amendments on the government's bill to ratify the Maastricht treaty. Page 7

Mexico changes urged: Tough enforcement of labour laws in Mexico and a \$3bn environmental clean-up fund are called for by the influential Washington-based Institute for international Economics. Page 3

Support for Rushdie death calk Two-thirds of the members of Iran's parliament backed a call from the country's supreme leader, Ayatollah Ali Khamenci, for the killing of Salman Rushdie, anthor of *The Satanic Verses* which many Moslems

E STOCK MARKET IND	CES	STERLIN	iQ.
FT-SE 100: 2,814.0 Yield 4.28	(H.H)	New York lunc	
FT-SE Eurotrack 1001,121,77	(-1.37)	London	
FT-A Al-Share1,374.5		5 1,44	(1.447)
Mickel17,069.63	(+93.31)	DM 2.3	2.382
Hew York knichtime		FFr 7,9673	
Dow Jones ind Ave3,215.97		SF: 2.172	
SSP Composite432.95	(~0.96)	Y 172.	
EUS LUNCHTIME RATI	ES	£ Index 70.1	5 (78.9
Federal Funds:33e%		E DOLLAR	
3-mo Trees Bills: Yld2.962% Long Bond100 1 _g		New York lunc	
Yield7.17%		DM 1,8255	
I LONDON MONEY		FFr 5.51* SFr 1.5821!	
		Y 119.68	
3-mo interbank	(same)	Londore	
Liffe lang gill luttere: "Mar 163 /2		DM 1,826	11.6315
B NORTH SEA OIL (Arg	us)	FFr 5,5173	(5,5275
Brent 15-day (Apr)\$17.72	(18.11)	SFr 1,500	(1.5069
■ Gold	•	Y 119.	(118.65
New York Cornex (Feb)\$331.6	(333.0)	Sindex 66.4	(32/RE
this the sector is not be the sec	(000.0)	Talon aless V d	44.45

Austrus Sch30 Greece Dr300 Lux LFr00 Cetar O Bahraen Dert 250 Hungsry P182 Maits Ln0.50 SArabia Seignum BFr00 Iceland Britis Montocco MDh13 Singspore P1 3.75 Singspore P1 3.7

Clinton pledges to cut deficit

PRESIDENT Bill Clinton was set last night to announce a four year, \$500bn tax package designed to trim the annual US budget deficit by \$140bn to \$206.5bm in 1997.

The programme, to be outlined in a State of the Union address to both houses of Congress, com-bines long-term tax increases and spending cuts with a short-term boost to the economy, involving higher infrastructure spending and a short-term investment tax credit.

Administration officiala mounted a spirited defence of the programme yesterday following Tuesday's sharp fall on Wall Street. Mr Roger Altman, deputy treasury secretary, described as "exaggerated" reports that mid-dle-class Americans were going to pay a lot more. Mr Lloyd Bentsen, treasury secretary, Robert Reich, labour secretary, and Leon Panetta, director of the Office of Management and Budget, all rallied to the defence of the mea-

In early afternoon trading the Dow Jones Industrial Average was up 5.67 at 3.315.16.

The tax package was set to A new top income tax rate of 36 per cent for couples earning above \$140,000 in taxable income.

• A rise in the corporate fax rate from 34 to 36 per cent. · A new energy tax levied on



Staunch defenders of the Clinton economic programme (from left): Lloyd Bentsen, Robert Reich, Roger Altman, and Leon Panetta

State of the Union address to map route to economic health through tax increases and public spending cuts

• An expanded earned incoma tax credit for low income taxpay-

investment tax credit and an

• Income tax levied on 85 per cent of Social Security retirement payments, instead of 50 per cent. At the same time, Mr Clinton A 10 per cent surtax on taxpayers earning over \$250,000. plans a short-term stimulus package intended to create 500,000 jobs by 1994 by a temporary

accelerated programme of public spending on infrastructure, housing, education and the environ-

Over the long term, Mr Clinton wants to reduce government apending on wasteful programmes and excessive administration, reducing federal jobs by 100,000, or almost 5 per cent, by

He also wants to cut more than \$125bn from the five year defence aget autlined by former president George Bush, and save

ance for the elderly. Mr Clinton, who promised voters last year that be would reduce taxes on the middle class

and patriotic.

- a category which in the US includes virtually everyone - is

\$55bn on Medicare health insur-

taking a calculated risk by presenting an package that requires immediate pain in the interests of a longer term improvement in

the US economy. But many voters appear uncon-vinced that Mr Clinton will use the money raised by the new income and anergy taxes to reduce the deficit, rather than increasing spending on federal

Mr Clinton has planned an intensive campaign to market the that its measures are neces

Editorial Comment, Page 17

plan; he and his cabinet will spread out across the US to argue

Political leaders' interference 'made a mockery' of aid effort

to suspend Bosnian relief operation

and Laura Silber in Belgrade

ALMOST all relief operations in osnia-Hercegovina are to be halted because of continuing political interference in the aid effort, Mrs Sadako Ogata, the UN High Commissioner for Refugees, said yesterday.
Political leaders on all sides

had "mada a mockery of our efforts and I deeply regret that their behaviour has obliged me to take this decision", the High Commissioner said. These actions had condemned the victims to live without UNHCR

weeks with the blocking tactics of the political parties in the former Yugoslav republic.

"I have done averything I can to persuade leaders to distinguish humanitarian aid from the conflict... but [they] have not allowed us to carry out our mandate," ence in Kenya's capital Nairohi.

siege by Bosnian Serb forces. In Belgrade yesterday, UNHCR

The UNHCR'S decision reflects

Mrs Ogata said at a news confer-Deliveries to the besieged city of Sarajevo are being blocked by the Bosnian government to draw attention to the plight of Moslems in towns in eastern Bosnia. which in turn have been unable to receive supplies because of a

officials said the ten-lorry convoy bound for the Moslem enclave of he growing trustration in recent Ceraka, eastern Bosniz, would be stely. All UNHCR activities in ordered to return to Belgrade. Serb forces blocked the convo again yesterday for the fourth day as well as blocking the convoy beading for besieged Mos-

lems in Gorazde, south of Cerska. Mrs Ogata said yesterday: "For months now, UNHCR, UN staff and NGOs [non government organisations] have been risking their lives to deliver humanitarian assistance in the middle of a war to more than 3m refusees besieged and displaced persons in former Yugoslavia."

Blocked convoys would be moved back to their bases and all

staff withdrawn, leaving only a skeleton UNHCR presence in the city. Land convoys and the sirlift to Sarajevo would be suspended. Relief operations in areas of Bosnia where UNHCR could still operate would be maintained at a reduced level. Serb and Bosnian

trolled Bosnia susper

leaders would have to signal a clear commitment to giving the UN access before aid could be resumed Mrs Ogata said. In Geneva, Ms Sylvana Foa,

UNHCR spokeswoman, said they hoped for a speedy request for ald deliveries to be resumed, with

relief activities in Serbian-con- guarantees of safe pa • Mr Cyrus Fance and Lord Owen, will today meet the newlyappointed US and Russian Sarajevo would be suspended and envoys to the talks, with the all of reaching an agreement with the three warring parties by the end of the month, adds Robert

> Mauthner in New York. Though there are no indications yet that the Bosnian Serbs or Moslems are ready to make the compromises neededfor the peace plan to be accepted, the hope is that US and Russian pressure will help to unblock the

UN members put own interests

New taxes to raise \$328bn in five years

By George Graham in Washington

NEW TAXES due to be proposed in President Bill Clinton'e State of the Union speech last night will raise a total of \$328bn in 1993-98, with most of the additional revenue coming from higher income taxes levied on wealthier taxpayers, a new energy tax levied on the thermal content of fuels and an increase in the corporate tax rate.

The impact of the new taxes will only be felt in later years: this year, new revenues of \$2.9bn will be more than offset by a temporary incremental tax credit for arge businesses and a permanent investment tax credit for

smaller business The energy tax, which will be phased in in three stages starting in July 1994, will be levied at a rate of 25.7 cents per million British thermal units on coal, gas and nuclear energy, but at a much higher rate of 59.9 cents on

When it is fully phased in, the tax is expected to cost the average family with an income of \$40,000 a year an extra \$118, and will bring more than \$22bn a year into the Treasury.

One important major potential source of new revenue included in Mr Clinton's campaign documents has been greatly scaled back; the administration now expects to raise an additional \$2.8bn over four years from new rules governing transfer pricing
by foreign and US multinationals, not the \$45bn Mr Clinton estimated during the campaign.
However, Treasury officials
said they also planned to spend

\$38m on hiring more tax inspectors and doubling the rate of audits on foreign-owned subsidiaries, and bope this would yield significant extra revenues in

Mr Clinton will also trim his defence budget to \$263.7bn in fiscal 1994, compared with \$274.3bn in the current year, with further progressiva reductiona to \$254.2bn in 1998.

Combined with cuts in government spending, the new revenues are expected to help reduce the budget deficit from \$262.5bn. or 5.4 per cent of Gross Domestic Product, in the 1994 fiscal year to \$205.3bn, or 2.7 per cent of gross first, Page 2 domestic product, in 1997.

EC warns of more steel plant closures

THE European Commission yesterday warned EC steelmakers they would have to close even more plants than originally envisaged if they wanted commarcial and financial aupport

from the Community. The call came as the Commision unveiled a rescue package to help protect the industry, which is suffering from overcapacity, competition from cheap non-BC imports and the worsening recession. The EC would provide Ecusoom (\$1.06bn) of financial support for closure costs, but only if member states match funding promised by the Com-

The Commission refused to estimate how many jobs might be lost in the EC industry as a result of capacity cuts, but an internal Brussels report has anggested the original, more modest closure programme could lead to at least 50,000 redundancies. A German steel industry apokesman yesterday warned that it alone might have to shed

35,000-40,000 jobs. In their original forecasts, steel producers suggested they could reduce production of crude steel by np to 25.8m tonnes over the next three years, and rolled products by 17.9m tonnes. Mr Bange-mann said yesterday that this was "not sufficient", and steelma-

4m or 5m tonnes of capacity. Altogether, the Commission is looking for cuts of up to 30m

tonnes in crude steel, and about 19m tonnes in rolled steel.

Mr Martin Bangemann, the EC industry commissioner, and Mr Karel Van Miert, responsible for competition, said they hoped tha plan would receive the political backing of industry ministers at a special meeting next week However, in an indication of tha political sensitivity of the issue, they will not ask member states to take a formal decision on the

rescue package before May.

Mr Fernand Braun, the EC's "steel envoy", is to renew contacts with 70 steelmakers in the hope that they can offer more capacity cuts to satisfy the Commission before the May meeting. The producers will be asked to commit themselves to a binding closure programme by the end of September, and to carry it out by the end of 1985.

The draft programme approved yesterday includes controversial plans to reduce alleged unfair competition from cheap ateel imports from eastern Europe, Mr. gemann said the EC will ask the Czech and Slovak republics, Hungary and Poland to impose minimum prices on steel exports to the EC over the next three years - or face anti-dumping duties.

Heseltine to present coal rescue plan to Brussels

By Andrew Hill in Brussels

MR Michael Heseltine, UK trade and industry secretary, is likely to visit Brussels next week to present draft plans to the Euro-pean Commission for keeping open some of the Britain'e threat ened coal mines.

The trip will fuel growing speculation in the coal and electricity industries that the government will not publish its white paper on coal before the end of the month. The government has pre-viously said that it wanted to bring out the white paper as early as possible in February. Last night it appeared to be some way from securing a deal with generators to take on extra coal, the main plank in its draft

white paper. It will then have to clear its proposals with Brussels. Although the rescua plans from Commission energy offi-cials, Mr Karel Van Miert, the EC competition commissioner, will insist that subsidies to UK pits should be scaled down after 1995 According to draft plans circulating in London, coal aubsidies would be eliminated by 1998.

If Britain decides to subsidise

Continued on Page 18

CONTENTS			
TV and Radio 15	FT Actuaries	Recent Issues	
Crossword34	FT World Acquaries38	Share information	25,29,
Companies	Foreign Exchanges34	Tradional Options	
UK 24,25	Gold Markets26	Landon SE	
Ind. Cap Mids23	Equity Options23	Well Street	_35-3
Ind. Companies20-22	int. Bond Service23	Bourses	35.5
Marketa	Managed Funds 30-34	Surveyo	
Commodition 25	Honer Mediate 96.		-

THE FINANCIAL TIMES LIMITED 1993 No 31,992 Week No 7 LONDON . PARIS . FRANKFURT . NEW YORK . TOKYO



THE Sun SPARCclassic is not a horse race. L it's a workstation. And "Classic" doesn't mean Sun are trying to evoke nostalgic memories of how computers used to be. It most certainly does not refer to its exterior architecture - the SPARCelassic doesn't sit on Doric columns.

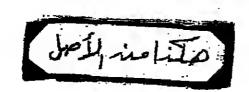
Classic, in this particular instance, means "of the first class". It is built around "MicroSPARC". a highly integrated processor giving phenomenal power at a very low cost.

In fact, the SPARCclassic is not only Sun's newest workstation, it is also the least expensive. A complete colour system, ready to go, costs £3395.

For more information, return the slip to Morse.



	Business Centre	
Sun. Th	's up there. • weid's fastest growing	
neus combin	Off COmpany. (Femor Magnine's Global 900, 19 COMpany	92)
stdress		
	telephone	MORSE
Maria Committee 1	TOLINE TOUR MANAGEMENT COT	974 0404



Bundesbank rules

out fresh rate cut

By Quentin Peel in Bonn

THYSSEN and Krupp, Germany's two largest steel producers, and Saarstahl, the sixtb largest, are holding talks on future co-operation in their output of certain products.

The aim of the talks, precipitated by the crisis in the steel industry, is to decide whether significant cost reductions can be made by greater specialisation between the three compa-

The first details emerged as 16,000 steel workers demonstrated on the streets of Dort-

mass job losses, and the clo- efforts at co-operation agreesure of an entire steel plant belong to Hoesch Stahl, in the process of merging with Krupp

At the same time Mr Ruprecht Vondran, president of the German Steel Federation, warned that the industry in west Germany alone might have to shed 25,000 to 30,000 jobs, under the latest capacity cuts proposed at the European Commission in Brussels. East Germany would lose 10,000

The negotiations hetween Thyssen, Krupp and Saarstahl

ments between German steel producers in the past 18

This time they have been personally agreed by Mr Gerhard Cromme, chief executive of Krupp holding company, and Mr Heinz Kriwet, head of Thyssen group.

The discussions will be con-

ducted by the companies' steel bosses, including Mr Ekkehard Schulz of Thyssen Staht, number one in the German steel industry, and Mr Hans-Wilhelm Grasshoff, head of

Thyssen Stahl said the talks

would focus on "whether cost improvements could be achieved in the long products sector (girders, rods and the like) through a division of lahour in the process of an exchange of programmes.

Thyasen and Krupp were

involved in a previous round of talks on possible co-operation in special steels production virtually all Krupp's loog products output consists of special steels. These talks ended abruptly last year when Thyssen decided instead to amalgamate its two producing companies, Thyssen Stahl and

A further round of talks was initiated by Krupp last year with Klockner-Werke and Saarstahl, which also foundered. However the recent slump in the European steel market has forced the big producers to reopen their talks.

Klockner-Werke, currently in negotiations on debt relief with its major creditors, has been excinded from the latest talks. The threat of thousands of ioh losses throughout the German industry has caused a surge of labour militancy, barely restrained by IG Metall, the giant engineering and steel workers' union. Yesterday's

demonstration in Dortmund, condemned as illegal by politicians, united men from Hoesch's Westfalenhütte, Phoenix and Union steel plants, with some 2,000 coal miners from the nearby Hans Aden and Bergkamen pits.

The union has called for a national demonstration on March 26, hut workers fear that will come too late to prevent further closures.

Mr Vondran, who earlier welcomed the Brussels plans for cuts in production capacity agreed hy the steel producers, warned that as many as 80,000

ing Johs, the Bundesbank warns its latest monthly There was no sense in making connter-cyclical cuts in rates in an attempt to revive the economy, the report adds. The weakening of the western German economy became

clearer towards the end of last year. Gross domestic product in the final quarter fell by an adjusted 1.5 per cent from the previous three months and hy 0.5 per cent against the last quarter of 1991. In manufacturing the season-

By David Waller in Frankfurt

FURTHER cuts in short-term

"stop-go" policy for the Ger-

man economy, risking higher

long-term rates and endanger-

ally adjusted production figure for the fourth quarter was 5.5 per cent down on the comparable period in 1991. Separately, the German Institute for Economic Research (DIW) in Berlin said yesterday that west German GDP was likely to fall hy a real 1 per cent in the first quarter this year against the ast quarter of 1992. But the Bundeshank sald

there was no cause for undue pessimism. Manufacturing industries were not representa-

tive of the economy as a whole: construction and services in general were doing better than those sectors hard hit by fallinterest rates could lead to s ing exports.

It said that in contrast to many other countries Germany was not suffering the delayed effects of overheating in the late 1980s. Shares and property

prices had not collapsed in

Germany, nor were there protlems in the financial system. Lung term interest rates were far more important for German industry than the short-term rates set with reference to the Lombard and discount rate which the Bundesbank cut two weeks ago today. The discount rate was cut hy 25 basis points to 8 per cent and the Lombard rate by 50

basis points to 9 per cent. Over 80 per cent of bank credits in Germany were provided on a long-term basis, the Bundesbank pointed out. These rates had fallen "cxtraordinarily sharply," dropping 1.5 per cent to under 7 per cent since September.

This fall reflected the markets' confidence that the German central bank would ultimately he successful in its battle against inflation, which reached an annual rate of 4.4 per cent in January.

Bonn cabinet gives the signal for railways reform

By Ariane Genillard in Bonn

Bundesbahn and east German Reichshahn will be turned into January 1 next year, hut with its shares remsining in

Yeltsin aide

parliament

seeks to tame

government ownership for the next 10 years.

Mr Klaus Daubertshauser, SPD parliamentary leader in charge of transport, said parliament would have to make sure the reforms did not jeopardise loss-making rail

company, called Deutsche Bahn AG, aims to free the railwaya' management from red tape and the vested interests of politicians.

employees who, as public servants, have jobs for life and enjoy special benefits. The German Industry

Federation, in a statement in support of the reform plans, said yesterday the railways could not operate if it remained subject to state-owned companies'

But the change in employees' status might hring the government into deeper conflict with the Social Democrats and the unions, who want to protect the jobs and benefits of the railways'

group is due to come up with a rall reform is likely to create report on both issues on March further political conflict. Last week, the government's three coalition parties agreed to levy a yearly fee on users of The loss-making railways

will have debts of DM70bn by motorways and to transfer the

by 2003.

The reform package should

reduce this to DM139hn, he

Commission hints at shift in stance over Emu targets

By Lionel Barber in Brussela

to qualify for Emu. Mr Christophersen's comments reflect a widely held view in Brussels that the poor prospects for growth make more likely a generous inter-pretation of the Emu "convergence" criteria on inflation, hudget deficits, and govern-

"There is room for judgment," he said, stressing that EC states at Maastricht rejected "purely mechanistic" criteria for Emu. But in the same breath he said all countries that fulfilled the criteria in 1996 had not just "a duty hut an ohligation" to apply for

THE leading members of the

UN are putting their own inter-

commitment to collective secu-

rity in deciding how to act in

Bosnia-Hercegovina, a UK for-

eign affairs select committee

Professor Rosalyn Higgins,

was told yesterday.

ests before the organisation's

UN members 'put

mission will present a report in 1996 on member states' economic performance in the run-up to Emu. But the final arhiters of who qualifies for the Emu club will be the member states themselves in the Council of Ministers.

Under Maastricht, the Com-

Alice Rawsthorn in Paris adds: Mr Theo Waigel, the German finance minister, and Mr Michel Sapin, his French counterpart, hope to meet Mr Lloyd Bentsen, the new US treasury secretary, before the Group of Seven finance ministers' meeting in London this month.

The German and French ministers, who met in Bonn yesterday as part of the regular meetings between their ministries, reaffirmed their commitment to working together to secure the future of the European monetary system. Mr Sapin said their recent joint efforts to defend the French franc against market attacks had "enabled our countries to emerge as victors from a difficult situation".

1277

€: . **k**:...

Section of the sectio

However, the ministers ruled out speculation that they might pursue a "fast track" solution by linking the franc with the D-Mark in a limited form of Franco-German monetary union. "The question does not arise," said Mr Waigel.

Mr Sapin, a member of the Socialist government that faces defeat at next month's parliamentary elections, said France should stick to its franc fort policy of supporting its cur-rency "despite any problems that could occur".

opposition yesterday called on

THE German government yesterday approved a reform plan for the country's entire loss-making railway system, designed to relieve a DM70hn (\$43bn) deht hurden and pave the way for its

a joint stock company from

By John Lloyd and Leyla Boulton In Moscow

SUPPORTERS of Prasident

Boris Yeltsin of Russia yester-

day proposed a constitutional

"compromise" which would

effectively neutralise the Rus-

lan Khasbulatny, his arcb-rival

prime minister, said last night

that parliament should refrain

from exercising its rights to

"interfere" with the govern-

ment's economic programme

until a constitution was adopted. He said they should

also not have a say in adopting

a new constitution spelling out

the division of power between

the executive, parliament and

of Peoples' deputies - the full

parliament - to adopt a consti-

tution was "like the situation

when a man is the judge of his

Mr Shakhrai said the consti-

tution, drafts of which are now

being prepared and exchanged

by teams representing the pres-

ident and parliament, should

be agreed hy a constituent

assembly or alternatively by a referendum. Mr Shakhrai is a

memher of the president's

team in the talks. Mr Yeltsin,

he said, should also refrain

from interference with the gov-

ernment. The government,

however, is mainly at odds

He said that for the Congress

Mr Sergei Shakhrai, a deputy

The entire plan requires the support of the opposition Social Democrats in order to gain the two-thirds majority needed in the federal parliament to change the constitution.

account of the president's strategy that Mr Yeltsin is pre-

pared to confront Mr Khasbul-

atov on the economy. The

main issue is the lack of agree-

ment between the government

and the central bank on the

issuing of credits. Mr Shakhrai said the government should

end the "abnormal situation"

in which it has no power over

the bank's credit policy.

Over the next few days, the

uties in early March.

for 30 or 40 years."

The creation of a joint-stock At the moment, any investment above DM5m

finance ministry.
The reform will also remove the special status of many

requires the approval of the

regulations.

employees.

The means of financing the

revenues to the railways. But the proposal wss denounced by Greens and politicians from all Equally controversial is the

possibility of raising a petrol tax to finance the railway A government working

the and of this year and interest payments of DM12bn.

Mr Gunther Krause, the transport minister, said that without reform the railways' debt would climh to DM569bn

THE European Commission yesterday dropped hints that the deeper-than-expected recession in Europe may require a retreat from the strict economic performance targets required for European mone-

Mr Henning Christophersen, EC economics commissioner. said cyclical economic factors and their impact on hudget def-icits may have to be considered in 1996 - the earliest date when a majority of EC states

could vote to join Emu. He stressed the performance targets themselves could not be changed because they were in the Maastricht treaty. But he cited the example of a member state with a budget deficit of 3.5 per cent of national output, just above the 3 per cent target set down in the Maastricht treaty. If it could show its deficit was heading clearly downward to, say, 2.5 per cent of GDP, it would be well placed

The French conservative

Germany to cut interest rates.

IMF loan facility likely for Poland

THE POLISH parliament's approval last week of a tight 1993 hudget has paved the way for agreement on a new \$660m IMF standby loan at the next executive board meeting of the International Monetary Fund in early March, a senior IMF

official said vesterday.

Mr Daniel Kaeser, the executive director for Poland, said the vnte restraining the budget deficit to around 81,000bn zlotys (\$4.9bn), or 5 per cent of GDP, opened the way to board approval. It also underlined the Fund's assessment that "the reform process in Poland is becoming a success story with economic growth picking up,"

Approval of a new loan to replace an earlier \$1.7hn facility ahorted hy earlier govarnment instability and abovehudget spending, is expected to unlock a series of significant financial agreements and

encourage private investment. IMF approval for the Polish government's letter of intent will lead to a 20 per cent reduction in Poland's \$32bn official government debt. This is the second and final stage of the 50 per cent total official debt reduction agreed by the Paris club of official creditors in

An IMF agreement is also required for cumpletion of

Poland's negotiations with the London Cluh for a similar reduction in Warsaw's \$12.1hn debt to commercial banks. The first round of commercial debt negotiations took place in Vienna last week following the recent appointment of Mr Krzysztof Krowacki as Poland's chief debt negotiator. A green light from the IMF is

also expected to be followed by World bank board approval of more than \$1bn of new loans for the energy sector, industrial restructuring and farm modernisation. Loans in the pipeline include a \$450m facility to help finance bank debt restructuring prior to privati-

Several government credit agencies, including the UK government's ECGD, are also expected to resume export credit cover for Polish business once the above official deht agreements are in place.

The budget is expected to receive its final approval from the senste today after a lengthy progress through the lower house of parliament. where opposition MPs tacked spending projects costing billions of zlotys on to the hudget before bowing to an ultimatum from Ms Hanna Suchocka, the prime minister, backed by President Lech Walesa, who threatened to dissolve parliament unless the hudget was approved as drawn no by the



Luca Magni, the husinessman who one year ago unleashed

Italy's corruption scandal by setting a Milan kickback trap French right may win 80% of seats

By Alice Rawsthorn in Paris

FRANCE'S cantre-right coalition is on course for a crushing victory against the ruling Socialists in next month's parliamentary elections, according to the latest opinion poll.

This suggests the coalition could win four-fifths of the 555 mainland seats. The Sofres poll suggested

that 40 per cent of French voters favour the conservative RPR and UDF alliance, with 21 per cent backing the Socialists. This would give the conservatives 453 seats and the Socialists 80, compared with their present tally of 247. Support for the ecologists,

who pushed the Socialists into third place in recent polis, has slipped to 15 per cent. President François Mitterrand, who has hitherto stayed aloof from the fray, will tonight stage tha first of two 45-minute live television pro-

grammes in which he will answer questions from voters. The Socialists hope the programmes will be as successful as his television debate before the Maastricht referendum in

September. Prime Minister Pierre Berégovoy, however, is still hampered by the row over the FFrlm (\$178,500) interest-free loan he received from Mr Roger Patrice Pelat, a financier later charged with insider trad-

accepting it.

The Justice Ministry on Tuesday rejected a judge's request to investigate the loan. But Libération, the centre-left newspaper, yesterday pub-lished a stinging editorial, criticising Mr Béregovoy for

Mr Edouard Balladnr. favourite to be the next prime minister, sald yesterday the next administration's first task should he to "safeguard the franc" hy supporting the link with the German D-Mark.

Brussels clears BA takeover of Dan-Air

By Lionel Barber in Brussels

the question of whether to go along with calls for a referen-

The coalition, of Christian

Democrats, Socialists, Social Democrats and Liberals, has

dum on the reform.

THE European Commission has approved the merger between British Airways and Dan-Air, arguing that it does not significantly affect services between Belgium and Britain.

The presence of BA, Sabena. the Belgian flag carrier, and British Midland meant there were three large competitors on the rapidly growing Brussels-London ronte.

The three airlines between them fly 23 times a day from Heathrow to Brussels: BA has seven, Sabena eight and British Midland eight. BA gained four flights as a result of acquiring Dan-Air's low-cost operations at Gatwick last year. But Sabena acquired two extra slots at Heathrow last

month. The Belgisn government complained in November about the possible anti-competitive impact of the desl.

This followed calls from the heads of Air France, the French flag carrier, and Sabena for the Commission to take a more critical view of BA's expansion plans in

majority. The coalition increasingly lacks legitimacy as Italy's political class falls foul

of the ever-widening corrup-

The proposals for widening

the coalition centre on bring-

ing in the former communist

Party of the Democratic Left

(PDS), the small Republican

Party and the populist Lom-

Magistrates yesterday told Mr Gianni De Michelis, former

foreign minister and currently deputy head of the Socialist

party, that he is under investi-

gation over two incidents on

top of the allegations of kickbacks in tha Veneto region for

which he is being investigated,

writes Halg Simonian in

Italy's aid programme to developing countries and the inves-tigation into alleged political corruption in Milan.

The new allegations concern

tion scandals.

bard League.

Air France, which has a stake in Sahena, also complained about the original Commission decision not th launch s full-scale anti-trust inquiry into BA's acquisition of Dan-Air for a nominal 21. plus assumption of the ailing sirline's liabilities. Belgium resorted to a previonsly unused clause in the

EC's merger rnlea which allows the Commission's antitrust authorities to investigate the impact on competition on their national territory. But the Commission said the effects of the BA/Dan-Air merger spplied only to the Gatwick-Brussels ronte. BA's acquisition "neither creates

nor reinforces a dominant

UK representative on the Inter-national Human Rights Committee. said in written evidence it was not the intention of the UN Charter that member states should help countries under attack only if they felt they had a direct national interest to do so. Neither did

such assistance depend on guarantees that no harm would come to their soldiers nor that the outcome of any action was clear at the outset. "But all of these reasons have been offered over the last weeks as to why there should be no enforcement action by the UN in response to illegal action in Bosnia," Prof Higgins told the select committee on the role of the UN.

Unlawfulness and aggression were encouraged by "the dehates about national interest, the hesitations about military overstretching, and disputes between allies as to what should and should not be done" hy the UN.

Key members of the Security Council were insisting they could not do everything alone.

own interests first' while at the same time refus-ing to ensure a role for other

> The US and the UK were understandahly concerned about the limits to the hurden each took in enforcing peace around the globe. But the burden could only be shared prop-erly if the recources of all member states were available. to the Security Council on call.

The Flusschi Times (Europe) Lad
Published by The Financial Times
IEurope) GmbH, Frankfuri Branch,
Nibelungenplut2 3, 6000
Frankfuri-am-Main 1: Telephone 49 69
156850; Fax 49 59 5964481; Telex
416193. Represented by E. Hugo,
Managing Ourector. Printer: DVM.
GmbH-Hürriyet International, 6078
Neu-laesburg 4, Responsible editor:
Richard Lumben, Financial Times,
Number One Southwark Arldge.
London SEI 9HL. The Financial Times,
Ltd, 1993.

Regissered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the law, of Eagland and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director. J. Rolley. 168 Rue de Rivoth, 75044 Paris Codes O., Tel; (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Echair. 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: 13SN 1148-2753. Commission Paritairo No 67808D.

Financiul Times (Scandinavia) Vimmelakuftet 42A, DK-1161 & Copenhagen-K, Denmark Telephone-(33) 13 44 41 Fax (33) 935335.

And in Ma

r fill m

Study offers tips on Nafta fine-tuning

David Dodwell on findings of an influential report

GGRESSIVE enforcement of national labour laws in Mexico and a \$3bn (£2.1hn) environmental clean-up fund are called for in an assessment of the North American Free Trade Agreement released yesterday by the influential Washington-based Institute for International Exponence

The recommendations address fierce criticism of the Nafta, particularly from US labour and environmental interests which have been lobbying the Clinton administration for amendments the regional trade agreement.

regional trade agreement.
Nafta was signed late last year hy President George Bush, Mexico's President Carlos Salinas de Gortari, and Mr Brian Mulroney. Canada's prime minister. It is to be put to Congress for ratification

to Congress for ratification later this year.

President Bill Clinton has committed the new administra-

tioo to amendments to the

The Nafta scorecard

Name provisions Grade

Market access by sector
Energy C-I
Automobiles B-I
Textiles and apparel

Textilea and apparel
Agriculture
Financial services
Transportation
Telecommunications
Trade rules
Flules of origin
Saleguards
Subsidies and dumping
Dispute settlement

Dispute settlement
Government procurement
New Issues
Investment
Intellectual property
Environment
Labour adjustment
Maquiladoras*
Average Grade

THE Mexican government has reacted defensively to charges hy Mr Richard Gephardt, majority leader in the US House of Representatives, that it is financing US companies to move to Mexico, writes

Damian Fraser.

Mr Gephardt had
complained in a letter to
President Salinas that the
Mexican government
development bank, Nafinsa,
has taken a 25 per cent stake
in a company, Amerimex
Maquiladora Fund, that is
bnying up US companies to
move them to Mexico. So far,
Amerimex has bonght one
textile company, and moved
40 per cent of its production

to Merida, Mexico.

Critics of the proposed Nafta argue that American jobs will be lost, as companies move from the US to Mexico in search of Cheap labour.

text, taking account of these

The IIE assessment - giving an overall B+ grade to the 2,000-page agreement - is intended to provide signposts to the policies be could adopt it gives clear support for the administration's call for supplementary agreements to the Nafta on lahour and the environment, and recommends a 3hn "Nafta fuod" in preference to proposals from Democratic senator Max Baucus for

a special Nafta transaction tax. The Nafta fund would finaoce the environmental clean-up on the US-Mexican horder and would help to underwrite work by the Environmental Protection Commission, already suggested by Mr Clinton, in sponsoring broad assessments of environmental conditions in each country. The IIE cails on the three Nafta signatories to carmark for the fund \$300m a year each for the years from 1994.

The Environmental Commission should also set up procedures to encourage harmonisation of environmental standards, and set fines, or "green fees", for countries distorting trade inside the region because of poor environmental

standards.
The study predicts that the Nafta would create a net 171,000 new jobs in the US, with US surpluses in its trade with Mexico varying between \$7bn and \$9bn a year up to

"Ross Perot got it wrong," said Mr Fred Bergsten, director of the IE. "There has been a buge sucking sound, as Perot described, but it has been due to US exports and the creation of American jobs." Mr Perot last year predicted a Nafta would create the "sucking sound" of US johs lost to

Mr Bergsten noted a \$13bn swing in favour of the US in trade with Mexico since 1989, a shift which he estimates has already created 200,000-300,000 jobs in the US.

While 316,000 jobs would be created by the Nafta, the IIR report forecasts that 145,000 jobs would be "dislocated" — a bare 2 per cent of the 8.9m jobs lost in the US in the five years to 1990 because of plant closures, bankruptcies and layoffs. It calls for \$335m a year to be spent from existing tariff revenues for adjustment programmes linked with Nafta job losses, but calls for this to be part of a wider national worker training programme.

training programme.

Mr Gary Hufbaner and Mr Jeffrey Schott, the authors of the report, recommend new negotiations to establish Mexican commitment to "aggressive enforcement of national labour laws and regulations". They call for a trinational commission to enforce labour standards, and authorise sanctions if governments fail to bait

abuses.

However, they insist the ultimate value of a Nafta is in its
boost to the competitiveness of
regional industries, rather

than in job creation. "Efficiency benefits and growth stimulus could exceed \$15hn annually. This figure, rather than jobs gained or lost, is the true measure of the economic gain from the Nafta agreement," which they see as one aspect of a wider US strategy aimed at improving competitiveness and productivity.

The assessment confirms, but is more optimistic than, the findings of a study just released by the US International Trade Commission on the potential impact of the Nafta. This predicts the trade pact would provide a lift of up to 0.5 per cent of real GNP in Canada and the US, with a potential increase of 11.4 per cent in Mexico.

The ITC says US exports to Mexico could be boosted from 5.2 per cent to 27 per cent by the agreement, with Mexico's exports to the US jumping by between 3.4 per cent and 15 per cent. It predicts aggregate employment gains in the US of "less than 1 per cent" of a workforce totalling 117m.

It points to "an almost discernible effect on US wage rates for both low-skilled and high-skilled workers" – a conclusion shared by the HE

The studies coincide with signals from labour groups that they may he poised to moderate claims that the Naîta will be a catastropha for workers and consumers.

ers and consumers.

As leaders of the influential AFL-CIO trade union grouping held their first executive council meeting since the presidential election, they hinted that US workers must come to terms with closer integration in Mexico, pressing for higher minimum wages in Mexico instead of opposing the Nafta.



THE CLINTON administration is reviewing all US trade agreements, including that affecting Airbus, a spokesman for the US trade representative said yesterday, writes Nancy Dunne in Washington. But this was oot to be taken to

signify approval or disapproval.

The statement did little to satisfy industry and trade specialists in Washington puzzled hy seemingly contradictory public pronouncements by the administration over last year's Airbus accord which sought to set limits on subsidies for civil aircraft programmes (the latest of which, the Airbus 340, is pictured above).

President Clinton triggered the speculation last week in a televised "town hall meeting"

from Seattle, saying "the Europeans are going to have to quit subsidising Airbus".

to have to quit subsidising Airbus".

Since the occasion was reminiscent of dozens of Clinton campaign appearances, the tough statement seemed to be no more than campaign rhetoric. However, Mr Mickey Kantor, US trade representative, seemed to echo the president the next day when he said the Airbus agreement had to be reviewed. Ms Laura D'Andrea Tyson, chairman of the Council of Economic Advisers, seemed to ha setting the record straight on Sunday when she said: "My position would be that we should take this agreement, which we worked very hard and very long to get and make sure it is enforced."

Tokyo urged to open door for imports

European business in plea to Japan

By Michiyo Nakamoto In Tokyo

EUROPEAN husiness leaders yesterday added their voice to a growing chorus of discootent with Japan's hurgeoning trade surplus and called on the Japanese government to taka a more affirmative and managed

approach to the problem.

The Council of the European Business Community said cultural factors were in part to hlame for Japan's growing trade surplus and suggested a more managed approach would go further in dealing with a problem that natural market forces had failed to solve.

The views expressed by the council, which represented European interests at the Fourth Import Board — an international forum of foreign husinessmen and Japanese government officials beld in Tokyo yesterday — are similar to those of an increasingly popular school of thought in the US. This says that, because of unique cultural factors, trade with Japan cannot be left to ordinary free market forces.

Toyota's Thai joint venture, Toyota Motor Thailaod, will invest about 9hn baht (£250m) over the next foor years to increase car production capacity and set up a training centre for service technicians, the parent company said, Reuter reports from Tokyo.

"The natural market forces are oot sufficient to bring, in the sbort term, a new situation in which imports have a share commensurate with their relative price and quality," the council said. Since normal market forces have not been effective in changing the situation, "we are deeply convinced that the sectoral approach would be the most efficient means to reach improve-

ments".

European representatives at the forum also called on the Japanese government to introduce succeeding supplementary budgets with firm funds directly allocated to government purchases of imported products. "What we are asking for is a special programme of

imports for use by government agencies," Mr Henri Martre, honorary president of Aérospa-

Japan also needed to make bidding procedures for government procurement more open and fair and to ensure purchase decisions are not politically motivated but based on commercial considerations.

It was difficult to understand why Airbus, which has 30 per cent of the world market, had just 10 per cent of Japan's market he said

ket, he said.

The council recommended that the Japanese government try to quantify the benefits of any programmes to hoost imports and that it seek to match the best practice of the most liberalised countries in the EC rather than align itself with the minimum level of liberalised.

eralisation.
In spite of the Japanese government's efforts, Japan had a trade surplus with the EC last year amounting to \$30hn (£22bn). Imports into Japan from the EC fell 1.6 per cent while exports to the EC increased 14 per cent.

Brazil clinches pipeline accord

By Christina Lamb in Rio de Janeiro

BRAZIL and Bolivia yesterday finalised an accord – first mooted in 1938 – for a \$3hn project to build one of the world's largest gas pipelines amid considerable uncertainty over the financing.

Brazil's President Itamar Franco flew to the Bolivian town of Cochabamba to sign the protocol to begin work on the 3,400km pipeline to supply Bolivian gas to the main industrial centres of Brazil.

The first large project of Mr Franco's government, it aims to reduce the country's almost total dependence on oil from the Middle East. It was hailed by Mr Fernando Henriqua Cardoso, Brazil's foreign minister, as a solid achievement for the

But it is unclear how funds will he raised for such an ambitious project. Bolivia is one of the continent's poorest countries and Brazil continues to wallow in economic crists; its access to multilateral financing has been inhibited by the collapse of its last accord with the International Monetary Fund.

International Monetary Fund.
Negotiations are under way
with the World Bank and private sector hut a Foreign Ministry spokesman said yesterday: "We have not yet decided
such technical points aa
finance."

The pipeline will transport daily 8m cubic metres, rising to 16m cu metres, of natural gas from Santa Cruz de la Sierra in southern Bolivia to tha six principal cities of southern Brazil's

While diversifying Brazil's energy grid it will also reduce pollution and save money; the price agreed is equivalent to \$6 per barrel.

The pipeline will provide an important sourca of naw income for Bolivia, which is trying to reduce its dependence on tin and coca leaf. Previously all its gas was sold to Argen-

The signing of the accord is an important victory for the São Paulo business community which has long been lobbying for it against heavy opposition from Petrobras, the state oil company which fears its monopoly will be threatened. On the eve of Mr Franco's departure for Bolivia, Petrohras officials were still trying to turn him against the idea, arguing it would be better to buy from Paraguay.

US orders drone aircraft from Israelis

By Hugh Carnegy

ISRAEL Aircraft Industries, flagship of Israel'a tronhled state-owned defence sector, has received a welcome ahot in the arm by winning a \$240m contract from the US Defence Department for 56 unmanned aircraft in partnership with

TRW, which is based in San

Diego, California.

IAI will make the so-called drones – increasingly used by armed forces to probe behind enemy lines without exposing the lives of pilots – their payloads and ground stations in Israel. TRW will manage the project and carry out testing

Earlier this month, the government agreed to provide a \$280m restructuring package for IAI, the country's biggest company, to help it overcome a slump in sales which will result in a \$50m-\$60m losa when its 1992 results are

reported.

Now set to lay off 1,500 of its
17.400 workforce, IAI is strug-

gling to stay competitive with its international rivals and increase its sales of civilian products.

ironically, last year it was the cancellation or postponement of several civilian aircraft contracts which knocked its annual overseas sales of \$1.25hn back by \$100m. IAI accounts for some 17 per cent

of all Israel's industrial

exports.

One of its successes has been its leading world role in producing unmanned aircraft, which are used rhiefly in military reconnaissance work. IAI drones were used by the US armed forces during the Gulf war to oust Iraqi forces from



YOUR LEGS AKE LOOKING FORWARD TO MARCH 28 AND THE NEW SWISSAIR BUSINESS CLASS FOR EUROPE, YOU'LL BE A STEP AHEAD AT CHECK-IN AND BAGGAGE CLAIM.

Manila pressed to extend trade, investment reform

By Frances Williams

MEMBERS of the General Agreement on Tariffs and Trade yesterday urged the Phiippines government to go further in liberallsing trade and investment policies which con-

tinue to hamper growth.

A report by Gatt economists,
discussed yesterday by the
body's governing council, says
economic reforms over the past
decade have opened up the Philippings economy and gone

some way towards correcting its aoti-export, import substitution hias. But import-competing sectors, especially in manufacturing, continue to be protected by trade barriers.

Average tariffs have fallen from more than 40 per cent to 25.6 per cent, with a further reduction to 20 per cent planned by 1935. Import restrictions have heen removed, export taxes phased out and monopolies in commodity trade abolished. However, tariffs are higher for manufac-

tured goods than for raw materials, while some key products are excluded from import liberalisation.

The report is particularly critical of the government's Car Development Programme which promotes the domestic industry. This is backed hy restraints on imports of vehicles and components.

Gatt ootes that, while restrictions on foreign investment have been eased, those that remain cootinue to deter would-be investors.

S Korean leader turns to reformers

SOUTH KOREA'S prestdent-etect, Mr Klm Young-sam, yesterday appointed a group of reformists as his senior advisers in the Blue House, the executive

The appointments indicate that Mr Kim will pursue economic and political changes promised in last year's presidential election.

There has been considerable speculation in Seoul about whether Mr Kim would pursue reforms since his power base in the ruling Democratic Lib-

eral Party is weak.
Mr Kim did not joined the
DLP until 1990, when be merged his opposition party with the government of Presi-

dent Roh Tae-woo.
The new presidential aides, some of whom have criticised Mr Roh's policies, will play a key role, since Mr Kim appears determined to reassert the power of the Blue House over the burean-

The Bine Honse, which strictly ruled the country under the former military dictatorship, has seen its power dilnted under Mr Roh, who promoted bureaucratic decentralisation as part of his democratisation programme.

Mr Kim, however, believes that the hureaucracy is hindering political and economic

Mr Park Kwan-yong was appointed as chief presidential secretary, the most influential post in the Blue House. Mr Park is a close confidant

of Mr Kim and holds a parlia-

mentary seat in Pusan, the new president's home town. He joined the DLP in 1990 after being an opposition MP and began his political career by serving as an aide to Mr Li Ki-taek, who now heads the main opposition Democratic Party. He has criticised the National Security Law, which has been used to punish domestic dissidents, and has promoted inter-Korean rela-

appointed as the president's economic adviser. A former ector of the Korea institut of Finance and professor at Seoul National University, he has advocated financial deregulation to improve the coun-

try's economic performance. Mr Choo Don-shik, who has argued for political reform as an editorial writer for Chosun Ilbo, the country's largest newspaper, will the adviser for political affairs.

Islamic groups 'holding Tajiks'

HARDLINE Islamic groups in northern Afgbanistan are hotding refugees from chaotic fighting over the border with Tailkistan against their will, a senior UN official said, Reuter reports from Kabul.

Tajikistan has protested to Afgbanistan, demanding Afgban guerrillas stay on their side of the border. Moscow's Itar Tass news agency said the protest notes that attacks on border patrols have now become frequent.

Beijing frees top student activists

By Tony Walker in Beijing

CHINA yesterday released the last two student activist lead-ers rounded up after the 1989 pro-democracy protests that led to hundreds of deaths in Beijing's central Tiananmen square after the army fired on

The early retease of Wang Dan, who topped the mostwanted list, and fellow-student Gno Haifeng is a further indi-cation that China is anxious to cool criticism of its human rights record.

protesters.

Several other dissidents have been released recently or been allowed to leave the country, but many other people imprisoned after the protests are still serving terms of 10 years or

The New China News Agency said the freeing of Wang and Guo meant that "all the students who violated the criminal law during the antigovernment disturbances in

1989. . . have been released". Wang, a 23-year-old native of Jilin province, was an undergraduate history student at Beijing University. He organised "democracy salons" and founded a journal on political reform even before the pro-

democracy movement began. The freeing of the students. several months before their terms expired, comes on the eve of delicate trade talks with visiting US officials, the first high-level team from the Clinton administration to visit Bei-

At the talks, China's huge trade surplus with the US will be discussed.

The dissidents' release also coincides with the presentation this week to International Oympic Committee memhers of documents supporting Beijing's bid to stage the Olympic



Wang: human rights move

Games in the year 2000. Human rights groups have been opposing Beijing's candi-dacy in protest at China's continued imprisonment of political activists.

The release of the two students by no means closes the chapter on the Tiananmen square episode, however. A number of "non-student" dissidents rounded up after the

incident remain in prison. In another gesture yesterday China also freed a 75-year-old Roman Catholic hishop, who had been sentenced to 15 years'

The case of Bisbop Zhu Hongsheng, sentenced to 15 years in prison, was unrelated to the pro-democracy protests but led to international calls that China allow more freedom of worship and his continued datention had prompted pro-

UN team 'finds ons. Mr Park Jae-yoon was new Iraqi plant'

un inspection team yesterday made a surprise visit to an undeclared military factory south of Baghdad and said it had gathered fresh information on Iraq's ballistic missile programme, Renter reports from Baghdad.

"We had a very busy day. We collected a very good deal of information," Mr Patrice Palanque, the team leader,

He did not say exactly where the factory was but he added: "This is a new site. To my knowledge it was not visited before (by previous UN inspec-tion teams)."

It was Mr Palanque's fifth day in the field checking if materials produced by Iraq military factories breached the terms of the Gulf war ceasefire. Mr Mark Silver, Mr Palanqua's deputy, said that while they were inspecting the fac-

tory on the ground, UN helicopters watched the site closely from above.

Neither gave details of the new information but said it might fill gaps in their know-

Under Gulf war ceasefire terms, Iraq is allowed to keep only missiles with a range shorter than 150km. The rest will have to be scrapped along with the means to produce

Mr Palanque and his 13member team arrived in Baghdad on Friday to check that Iraq is not storing or secretly producing missiles which are prohibited under the ceasefire

 Iran said 1,000 Iraqi military men who fled to its territory during the 1991 Gulf war would return home today.

Iran's official IRNA news agency said the Middle East representative of the Interna-tional Committee of the Red Cross had been informed of the planned repatriation.

IRNA, monitored in Nicosia, said 400 Iraql military men returned home from Iran in

It did not say if either group included pilots of scores of Iraqi aircraft, including advanced fighters and bombsrs, which flew to Iran for safety whan US-led allies taunched air and misstte attacks on Iraq to force it to pull out of Kuwait Iran, which fought Irag from 1980 to 1988, remained neutral

in the Gulf war.

Laureates fight for Burma dissident

By Victor Mallet in Bangkok

A CAMPAIGN launched yesterday for the release of Ms Aung San Snn Kyi, the detained Burmese opposition leader, has rekindled a fierce debate in Asia aboot human rights and the merits of Asian countries intervening in their neighbours' affairs.

Eight Nobel Peace Prize winners, after being refused entry to Burma, came to neighbouring Thailand to start the campaign for their fellow laureste. Ms Sun Kyl won the prize in 1991 and has been beld under house arrest for over three years by Rangoon's military

The campaign has won sup-port from the Clinton administration and prizewinners unable to come to Thailand such as Mother Teresa and Mr Mikhail Gorbachev, former Soviet president. Bnt China issued two warnings to Thailand in an nusnecessful attempt to prevent the Dalai Lama, the exiled Tibetan spiritual leader, from taking part. China invaded Tibet in 1950.

Gen Vimol Wongwanich, army commander, said such campaigns should be held in The campaign to release Ms Snn Kyl marks a break from the traditional Sonth-East the US, not Thailand. "It's like Asian policy of "constructive inviting the battle into our engagement" with Burma. house," he said. The Thai Thailand's armed forces, army banned the screening of an interview with the Dalal enjoying incrative logging concessions there, have criticised Lama on one of the TV sta-

The Dalai Lama relaxes for a moment during his impassioned plea for the release of Aung San Suu Kyi

Previous Thai governments have bowed to Chinese pressure over the Dalai Lama, ref-using him a visa in 1987 and 1990. But Mr Chuan Leekpal, the civilian prime minister elected on a liberal ticket last year, has allowed all the Nobel laureates into the country. Both he and King Bhumipoi are scheduled to meet them. In Bangkok yesterday, the Dalai Lama avoided overt crit-

icism of China or Thailand, but implicitly chided them for supplying weapons and aid to the Barmese junta and snggested an arms embargo

where, the vaine of bnman rights and of democracy is increasing," he declared. "In a new era, everyone is concerned about democracy. buman rights and freedom."

The visiting laureates, tuctuding Archbtsbop Des-mond Tutn of South Africa, northern Ireland peace cam-paigners Ms Betty Williams and Ms Maircad Maguire, and would be a good idea.

"In Thailand and every- and Amnesty International representative, are to meet Bur-

mese refugees today. At the weekend some of them will go to Geneva to make a submission to the UN Human Rights Commission.

Vietnam: a rocky road for investors

The Tan Thuan export pro-

A gaping lack of infrastructure contributes to problems, writes Victor Mallet

NE of Vietnam's attractions for foreign investors is the size of its population: a plentiful supply of workers and a domestic market of 67m consumers is an enticing prospect for manufac-

Perhaps It is fitting that the Taiwanese, the largest source of foreign capital for Vietnam, should be among the first to suffer the consequences of overcrowding.

Completion of a huge Taiwanese industrial estate in a loop of the Saigon river in southern Vietnam is heing delayed because the land is already occupied by scores of villagers who do not want to move without generous com-

sawmill worker, when asked does not represent progress. investors in Vietnam.

"I'm looking forward to developing the country, but the government doesn't pay enough for us to move to another

The bare, flattened sand of

ing a visit they fear will dam-

both Beijing and Rangoon.

age Bangkok's relations with

the 40 hectares cleared so far dotted with the occasional Taoist shrine which the devetopers have not dared to molest - comes right up to his door-step. Behind him are the paddy fields and creeks where he and the other villagers supplement their income hy farming rice or catching fish.

"I don't want to move," says Mr Hien. "The government wants to get more money to enrich the nation, but how can the poor people survive?"
The ambitious plans of the

Taiwanese - and their trials and tribulations in seeking to onstrate both the opportunities whether the industrial estate and the pitfalls confronting

cessing zone, at 300ha the largest such zone planned for the country's industrial heartland around Ho Chi Minh City, is an \$89m joint venture between the Central Trading and Development Corporation of Taiwan (which is owned by the ruling Kuomintang party) and Ho Chi Minh City's Communist people's committee. As in most such ventures the foreign partner provides the money and

provide the land. "We have s lot of problems right now," says Mr Chow Hong-Lin, one of the Taiwanese managers at Tan Thuan.

First, there was a contingent of air defence troops who had to be moved out of their barracks in the future export prolocked the gates and refused to go, and they were difficult to dislodge because they had

be compensated for moving. Some of them took the money and stayed in their houses, others built new shacks in other parts of the land earmarked for development. Now the company has to trace the descendants of the Chinese ancestors worshipped st the shrines to negotiate their removal. learing the land is only

the start. The ground is the skills and the Vietnamese boggy ond tonnes of sand were trucked in to level it. The underground water is dirty and Tan Thuan must pay \$4m to have fresh water plped in from outside the zone.

Electricity is in short supply in soutbern Vietnam, so Tan Thuan, together with Hong Kong's New World Groop, is mal power station at a village 20km away. In the meantime the 15 brave companies which

Keating in drive to

guns. Then the villagers had to be compensated for moving. have already paid their deposits to set up factories in the zone are being encouraged to bring their own generators. Transport in Victnam is also

notoriously difficult, so Tan Thuan proposes to spend \$55m on building a 17km road to link the industrial estate to a main road; and it intends to huild a new port on the Salgon river. There are compensations of

course. In exchange for building the road, Tan Thuan is to receive 600ha of land along the route, which represents an opportunity for lucrative prop-erty development in a prime area not far from tha city cen-

But for the time being the project is like an obstacle course for investors, "When we huilt our zone at Kaohsluog in thing, it was only a sandy beach," sighs Mr Chow. "We didn't have any problems."

India liberalises kerosene imports

By Shiraz Sidhva

THE Indian government has announced a partial deregula-tion of the domestic fuels market as part of a pre-budget package which also includes a steep increase in sugar and coal prices.

New Delhi is keen to show that its economic reforms package is regaining momen-tum after last year's setback of the destruction by Hindu extremists of the mosque at

To this end, it has liberalised the import of ksrosene and liquefied petroleum gas (LPG) and has also allowed the private sector, both domestic and foreign, to enter the tightly controlled domestic fuels mar-

A dual pricing system will make domestic fuels, at present in ahort supply, mors on the open market.

The government will continue to rstail kerosene oil through its public distribution system at subsidised rates, staining it blue to distinguish it from the open market kero-

Users of LPG cylinders will not be eotitled to subsidised kerosene on ration cards as they are at present.

Opposition parties have criticised the government's 20 per ceot increase in the price of sugar and the dual pricing policy of domestic fuels, even before the budget is presented on February 28.

The government yesterday announced an additional rise in the regulated price of coal, amounting to an increase of 11.8-12.8 per cent for different

Soft coke, used for domestic purposes, bas been spared.

Suharto in army rejig

By William Keeling in Jakarts

PRESIDENT Snharto of Indonesia has named a new head of the politically powerful armed forces three weeks before presidential elections in which he is expected to stand for a sixth five-year term of

Gen Edi Sudrajat, at present army commander, will replace Gen Try Sntrisne as armed forces chief, overseeing the army, navy and airforce, in a move which will leave Gen Sntrisno free to stand as vice-president in March.

Gen Sudrajat's appointment is a further step in a wide-ranging reshuffle of top military personnel which began

Favourite to fill Gen Sudraiat's post of army commander is Major-Gen Wismoyo Arismunandar, a brother-in-law to President Subarto and cnrrently deputy army chief of

win marginal votes By Kevin Brown in Sydney

PRIME MINISTER Paul Keating of Australia yesterday stepped up efforts to win the

support of voters in marginal seats by offering A\$600m (US\$406m) in federal funds to assist a financially embarrassed state Labor government. Mr Keating said federal financial support was essential to help the state of South Australia recover from a A\$3bn loss incurred by the government-owned state bank.

The offer was widely seen as an attempt to shore up Labor support in South Australia. wbers the government is lefending four marginal seats in the federal election, due on March 13.

Labor trails the conservative iberal/National Party coalition by up to 12 points in the opinion polls. The coalition needs a swing of 0.9 per cent to

was accepted by Mr Lynn Arnold, leader of South Australia's minority Labor government. He said the bank would he privatised to reduce the

state's A\$7bn debt burden. The privatisation, which was expected, is likely to take place next year. Analysts said the sale would probably return about A\$1bn to the state government. Mr Keating's offer follows claims by the South Australian conservative oppo-sition that the federal coalition would provide A\$400m to the state over 10 years if it wins the election. Mr Keating said he was not

worried the offer would be regarded as an electoral bribe. The government and opposi-tion are also tocked in a bidding war for the support of voters in seven marginal seats in New South Wales sugar belt.

US tries to rekindle Mideast peace hopes

Events are pressing heavily on all sides and initial optimism is being eroded, writes Roger Matthews

BE OUR GUEST.

DIRECT SERVICE TO U.S. FUTURES MARKETS

IMMEDIATE EXECUTION ON MARKET ORDERS

CALL: ARNIE ELMAN 312-454-5210

CHICAGO, IL, U.S.A.



HOTEL **CONDES DE BARCELONA**

When you stay with us in Barcelona, stay in touch with your complimentary copy of the Financial Times

FINANCIAL TIMES

induce a deeper sense of dėja vu in the Middie East than the arrival in the region of a new American secretary of state on yet another fact-finding mission.

There is equally little to suggest that Mr Warren Christopher is going to learn much during the next few days about the peace process that he has not already gleaned from his experienced state department advisers and from his conversations in the past two weeks

with the leading players.

This may be the inevitable price to be paid for a change of US administration.

But it could be a costly exercise at a moment when events and time are pressing ever more heavily on those in the Middle East most committed to negotiations. Nearly 18 months and eight

rounds of talks have passed since the opening ceremony in But with each succeeding week the initial optimism of

Madrid is being eroded and the

ITTLE IS likely to risk is increasing of events making it impossible for one or more of the participants to con-

tinue negotiations.
US officials rightly point out
that the fundamental reasons which brought the representatives of Israel, the Palestinians. Syria, Jordan and Lebanon to the talks are still valid.

To a greater or lesser extent all of them accept the need for a negotiated settlement to the conflict that has blighted the world for more than four

However, since the autumn of 1991 nothing has been done to build popular support for that stance. No delegation wishes to abort the process but the Palestinians in particular are finding It ever more difficult to continue.

The immediate crisis stems from Israel's decision on December 17 to expel 415 Palestinians from the West Bank and Gaza solely on suspicion of being active in Hamas and Islamic Jihad, two radical organisations opposed to the ceace process.

and under the unprecedented threat of United Nations sanctions, Israel last week agreed to re-admit 100 and halve by one year the expulsion period for the remainder.

Mr Christopher and Mr Yitzhak Rabin, Israel's prime minister, hoped that last Friday's UN statement welcoming the concession as a step in the right direction would allow peace talks to resume. Their hopes were premature.

Mr Rabin's extreme reaction to the worsening violence in the occupied territories was designed in large part to piacate Israeli public opinion, The response by the Palestine Liberation Organisation

and its negotiators is no less

dependent on the mood in the West Bank and Gaza, There, the harshness of the deportations, the increase in the killing of young people by Israeli troops and the arbitrary destruction of homes is working to increase the support for

And it is cutting the ground

Under intense US pressure from under the feet of the Palestinian negotiators who live in the occupied territories.

These events have to be seen against the hopes raised by Labour's victory in the Israeli elections last summer, won on a platform of reaching a swift agreement with the Palestinians, and on an American policy which, under the guidance of Mr James Baker, then secretary of state, had appeared to Arabs more even-handed than

for many years. The haste with which Mr Christopher walcomed Mr Rabin's offer to take back 100 of the deportees as a virtual end to the issue suggested to some that the US was tilting back more emphatically in Israel's favour.

If Mr Christopher wishes to reverse this impression, persuade the Palestinians to resume negotiations and bring ths parties back to the substance of the peace process, he will, like so many of his predecessors, eventually come to the core of the issue which is the US-Israeli relationship.



Although Russia is the co-

sponsor of the peace process, responsibility for it is essentially American.

more than \$3bn annually in military and civil aid to Israel and is additionally providing loan guarantees for a further \$2bn a year. Both governments officially refuse to acknowledge that these buge sums offer scope for diplomatic levarage.

But a middle-class America which is being asked to pay higher taxes could well come to a different conclusion if israel is deemed to be unhelpful in huilding on what President Clinton described on Tuesday as an "historic moment" in the Middla Rast. Mr Christopher says he wants to listen rather than to

talk during his week in the If ha then concludes that what is most required is a clear and emphatic American response, his trip will not have

been wasted. The lesson learned by President Jimmy Carter, the last Democrat to inhabit the White House, remains valid, Israelis and Arabs cannot make peace The US continues to give on their own.

Kieran Cooke reviews the recent and rapid growth of petroleum-related investments throughout Asia

AST week British Petro-leum. Caltex and the local Singapore Petroleum Company announced a S\$1.3hn (\$850m) refinery project in Singapore. This is significant, not just in dollar terms, since the centre of the world oil market is gravitating towards Asia.

The project was the latest in a long list of petroleum-related investments by Shell. Mobil, Exxon and others in Singapore. Even at a tima when its bal-ance sheet is dipping into the red, BP is investing about

S\$380m in this new facility.
In the west, oil refining and related activities ara elther stagnating or daclining. In Asia, and particularly in Singapore, they are growing rapidly. Singapore has become the world's third-higgest refining centra after Rotterdam and Houston. It now has a refining

capacity of slightly over 1m h/d, supplying almost 40 per cent

of Asia's imports of refined

products. Singapore has also

become - along with London and New York - one of the

world's three main oil trading

Singapore's geographical position, at the centre of the

supply chain from the Middle

East to Asia's main markets in

Japan and South Korea, is one

reason for its growth as a

petroleum centre hut it also

benefits from the rapidly devel-oping ecocomies of southeast

Oil consumption in the Asia

World consumption of refined oil products

74 78 78 80 82 84

four per cent per year compared with a world average growth of about 0.5 per cent. While Asia's own oil resources have been developed,

the region's demand far ootstrips supply. Only about 44 per cent of Asia's oil needs come from the region: the rest is imported, mainly from the

Middle East.

New oil fields being developed in the region are unlikely to alter this trend. By the end of the decada, oil analysts estimate that the Asia region will be consuming nearly 20m b/d compared with 13.8m b/d at

China and Indonesia, both big regional producers, expect to become net importers hy the end of the decade. The Gulf war, as well as Asia's fast economic growth, encouraged the expansion and upgrading pro-

Ruwait had been supplying

large amounts of refined prod-

ucts, particularly gas oil and

naphtha, to Asia. Suddenly

there were shortages. The war underlined the fact that Asia

had not been investing enough

Policies quickly changed: Japan brought mothballed refi-

neries back into production,

increasing refining capacity to

nearly 5m b/d. and South

Korea plans to double its refin-

endowed countries baulk at the

idea of spending precious

financial resources on refiner-

But other less financially

ing capacity to 1.6m b/d.

in refineries

ducer countries, most recently Kuwait and Bahrain. A petrochemical industry has developed alongside Singapore's refining sector. Du Pont, Mobil, GE plastics and others are investing more than S\$2bn in a variety of projects. A landfill project is planned which will unite five islands off the main island of Singapore into a \$\$4bn petrochemical complex.

100,000 b/d now costs between

In 1989 Indonesia announced

plans to build nine more oil

refineries. So far only one new

refinery is under construction:

expansion and upgrading work

at existing plants was recently put on hold due to the intro-

duction of tight government

Singapore is in the fortunate

position of having an estab-lished refining industry: it is

far cheaper to expand and

opgrade existing plants than build new ones. The oil majors

have all been refining in Singa-

pore for several years. Shell now has its largest refinery

While the upgrading process has been heavily capital inten-

sive, it has led to cost efficien-

cies: Singapore is now regarded

as among the world's most efficient refining centres and is attracting business from pro-

world-wide on the island.

\$1bn and \$1.5bn.

borrowing policies

Singapore interests have teamed up with Indonesian concerns to build what will be one of the world's biggest oil storage depots on the Indonesian island of Karimum, nearby to Singapor In time both Japan and

China could become refining competitors of Singapore, But Japan's refining costs are still more than 10 per cent above those of Singapore, while China's domestic demand for refined products is likely to blunt any growth in exports. Thailand, which has embarked on a large refinery building programme, could provide some additional competition. But for now Singapore is sit-

Singapore refines its | Japan's LDP rules out cut in income tax

JAPAN'S ruling Liberal Democratic Party yesterday strongly hinted that an income tax cut would not be included in a special package to stimulate the economy, expected to be announced

this spring.

Mr Hiroshi Mitsuzuka, chairman of the LDP's policy affairs research council who is co-ordinating the party's plans, said an income tax cut would be discussed only after a package of stimu-

lative measures has been agreed.

Mr Mitzusuka said the LDP would

push ahead with plans for housing-related tax concessions which would be designed to maintain the momentum of the rally in house building which has recently shown signs of running out of

The party would also consider proposals for one-off tax rebates, rather than cuts in tax rates, Mr Mitsuzuka said. He indicated that the outlines of a special economic package would be announced as early as April 1, immediately after the 1993 hudget is due to be formally

clearest sign yet that the LDP may be backing away from plans for a straight income tax cut, which is strongly opposed by the powerful ministry of finance.

The finance ministry believes a tax cut would deliver only a negligible hoost to consumption, while at the same time risking starting a long-term deterioration in the country's public

The timing of further moves to stimulate Japan's flagging economy has been complicated because tha Y10.700bn (£62bn) special package announced last year is still working its way into the country's economy. However, a recent official survey found that only 5 per cent of companies had felt any benefits

from the package.

About a third of the public works projects including in last year's packages are unlikely to be started until

later this year. Japan's industrial production fell 1.3 per cent in December from the previous month, according to revised figures issued by the ministry of trade and industry. The original figures reported a 1 per cent fall.



Tokyo money dealers ponder the rising yen yesterday after speculation that the US would further press Japan to cut its mounting trade surplus. The yen closed at Y119.25 to the dollar, equalling last October's high, as domestic exporting groups expressed concern over the yen's appreciation. See Currencies Page

Importers fail to beef up consumer demand

THE OPENING of the beef market has put more meat on Japanese tables, but an estimated 57 per cent of consumers are concerned about the safety standards of foreign producers, according to a study by the Economic Planning

When a strict quota system was relaxed in April 1991, after several years of difficult negotiations between Washington and Tokyo, there was a presumption in both countries that the lower prices of the imported product would encourage Japanese to eat more

But the EPA's survey found that only 23 per cent of Japanese reckon that they consume more imported beef than before liberalisation and 12 per cent

Foreign producers have difficulty getting to the country's small, specialist stores

now eat less imported beef, even though it is 20 to 30 per cent cheaper than comparable domestic cuts.

The reason for the reluctance to buy more imported beef, most of which comes from Australia and the US, appears to be the success of campaigns run by Japanese farmers' groups to dis-

credit the safety of imported meat. From a video showing a family becoming ill after consuming imported meat to a flood of leaflets on food safety, the farmers' groups and affiliated consumer groups have created sig-nificant public concern about the use

of growth hormones and additives. Only 6 per cent of those surveyed considered that imported beef is tastier than the home grown version, while 48 per cent concluded politely that the foreign meat "does not compare unfa-

However, 15.4 per cent said "it looks bad" and a mere 1.7 per cent suggested that it is very tasty.

There was a striking difference in the place of purchase, which reflects the difficulty foreign products have in penetrating the country's small, specialist

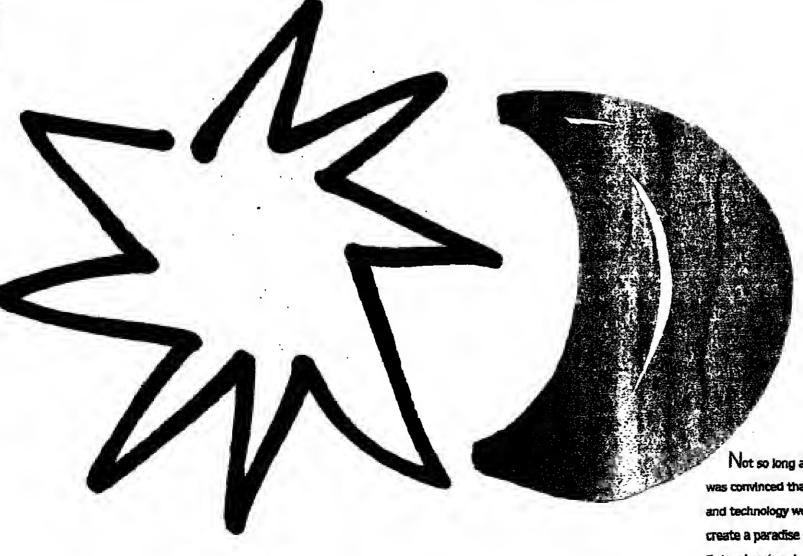
they bought their Japanese beef at specialist stores, while only 5.6 per cent used the same stores for imported beef. However, 42 per cent bought the imported meat at large supermarkets, which tend to carry a broader range of products and are less bound by traditional distribution relationships. About 27 per cent of consumers bought their Japanese beef at large supermarkets.

The findings also highlight the success of Japanese producers in cornering the top end of the beef market, leaving the US and Australian suppliers to fight it out for market share in ham-

burger beef and cheaper cuts. About 59 per cent of respondents said Japanese beef costs too much, while only 4 per cent thought foreign beef

ing in drive Mary Miller W.

dissiden



Aiming high ensures down-to-earth solutions.

Degussa on Degussa

Not so long ago, man was convinced that science and technology would create a paradise on earth. But we've since learned that this didn't always agree with Mother Earth. We've since learned that progress in some areas can often cause distress in others.

Degussa understands the problems. Which is why our researchers in metallurgy, chemistry and pharmaceuticals work dosely together to appreciate a number of viewpoints. To recognize the disadvantages often concealed behind the advantages.

With an approach that reaches beyond the narrow confines of special scientific interest, we are now aiming for more far-reaching solutions to global problems. The result can be seen in such ideas in action as our decisive contribution to cancer research. Where we have been effective in fighting the disease without harming the patient.

Similarly, our expertise In vacuum engineering has supplied the key to an innovative range of smaller. deaner, lighter and more

powerful new products. And as one of the largest manufacturers of amino acids, Degussa also plays a major role in supplying the ever-increasing world population with vital protein.

Furthermore, the solutions we offer for environmental protection have helped reduce the strain. not only on mankind, but on the earth itself.

for Degussa, it all began with gold and silver. Today, we shine in many more fields.

OUNT TO EARTH SOLUTIONS

Canada warned of risk in borrowing

CANADIAN economists have warned that foreign investors are nearing the limit of their willingness to satisfy increasingly heavy borrowing by the federal government and 10

In one of the biggest recent borrowing onslaughts. Ottawa and the provinces have flooded domestic and international markets with new debt issues to finance soaring budget defi-

Growing Canadian public-sector debt has been reflected in a widening gap between Canadian and US interest rates, and bond yields, in the last six months and, more recently, in increased volatility of the Canadian dollar.

The risks were outlined in a report hy the CD Howe Instinomic think-tank, following a recent seminar attended by 20 economists, most of them 10 year benchmark bende Yield streed, % (Canada minus US) 2.0 1991 92 93

employed by banks and securities firms.

Mr Ed Neufeld, chief economist of the Royal Bank of Canada, said that finance ministers sbould distinguish between short-term cyclical budget defi-

cits and "structural issues". The economists urged measures to improve fiscal imbalances, ranging from deep cuts in transfer payments to the provinces to the elimination of overlapping government services. However, they had little enthusiasm for large tax

The warning coincides with growing political awareness of the risks posed by fast-growing budget deficits, especially among the provinces. Tax increases and public spending cuts are expected to be a feature of the spring budget sea-

The provinces raised more than C\$10bn (25.6bn) in debt in January, including a C\$3hn global euromarkets issue by Ontario. Quebec earlier this week raised C\$1.4bn in its first global offering. The recession has badly dented tax revenues at all levels of government and put heavier demands on Canada's generous social security

Mr Donald Mazankowksi, finance minister, last Decem-ber revised the federal govern-

A new element of volatility as entered Canadian politics in the run-up to this year's general election with a rapid erosion of support for the once fast-growing Reform party, writes Bernard Simon.

Reform'e populist, right-of-centre policies had been expected to drain considerable support from the ruling Progressive Conservative party, especially in the western provinces of Alberta and British Columbia.

Many political observers had predicted that the most likely outcome of the election, expected in early autumn, would be a minority Conservative government supported by as many as 30

> unwards from C\$27.5bn to C\$34.4bb. Ontario's shortfall is now projected at almost C\$11hn, three times the level

ment'e 1992-1993 budget deficit

Reform MPs. Reform currently has only one MP.

But according to the latest
Angus Reid/Southam poll,
support for Reform in Alberta,
its stronghold, has halved in the past year to 21 per cent, with a five-point decline in

An Angus Reid official said yesterday that many voters, nervous at the prospect of a hung parliament, eppear to be returning to the three traditional parties - the Conservatives, Liberals and New Democratic party. The Liberals, the main opposition party, remain well ahead, with 46 per head of the decided vote, against 18 per cent for the Conservatives.

January.

The combined debt of Ottawa and the provinces has socred from C\$50bn, or 29 per cent of gross domestic product, in 1975, to C\$655hn, or 96 per cent of GDP. Canada's foreign debt-

service hurden relative to the size of its economy is now higher than thet of Chile and Venezuela, and approaching the levels of Brazil and Mexico. Mr Peter Nicholson, of Bank of Nova Scotia, said: "There is a limit for tolerance of even greater Canadian debt in foreign markets. This limit is likely to be reached suddenly and without a lot of warning. Other participants at the seminar said that the federal elec-

But a government-finance specialist at one Toronto securities firm said yesterday that there was no sign yet of for-eigners shunning Canadian government debt issues. He said that several borrowers such as Saskatchewan, which recently raised C\$400m in the domestic US market - have been offered more money than they were willing to take.



Royal Bank of Canada chief

Troops quell Venezuela riots

month earlier.

Housing

fall back

US HOUSING starts fell 7.2 per

level in six months, the gov-

ernment said yesterday, AP

Analysts attributed the decline in part to bad weather,

but most agreed that housing growth was likely to slow from

last year's pace. Construction advanced 18.4 per cent in 1992.

Starts rose only in the south in January, and fell sharply in

both the north-east and west.

Tha Commerce Department

said construction of new sin-

gle-family bomes and apart-

ments totalled 1.19m at a sea-

sonally adjusted annual rate in

January, down from 1.29m a

cent in January to the low

reports from Washington.

starts

in US

Venezuela has used troops and police to put down rioting and looting in two of its provincial capitals, writes Joseph Mann

Crowds took to the streets in the eastern city of Cumana and in Barinas, in western Venezuela, on Tuesday. They were provoked by a Supreme Court decision to suspend "temporarily" a repeat of gubernatorial elections, scheduled for March 14. The results of the original elections, on December 6 last year, were inconclusive.

The army, national guard, and marines took control of the two cities, where one per-son was reported killed, scores injured and several hundred arrested. Clashes continued in Cumana yesterday.

Igiesias re-elected as IADB president

Mr Enrique Iglesias, president of the Inter-American Development Bank, has been re-elected by the board of governors for a second five-year term. Nancy Dunne writes from Washington, Mr iglesias, who is widely respected, is presiding over a \$22.5bn (£15.8bn) lending pro-gramme for 1990-1993 and record levels of bank lending.

Rescue of NY Post in doubt

By Alan Friedman in New York

THE RESCUE of the New York Post, the smallest and most sensational of New York's three big tabloids, could be in jeopardy following a legal vic-tory by the Securities and Exchange Commission (SEC) against a company controlled by Mr Steve Hoffenberg, the newspaper's prospective

Towers Financial, Mr Hoffenberg'e debt collection and factoring business, has consented to the SEC's demand for control over the company; it has agreed to the appointment of a trustee and to limits on expenditures as requested in a lawsuit by the SEC.

The SEC alleged that Mr Hoffenberg's company had fraudulently sold \$215m (£151.4m) of notes and overstated its assets by more than double. Towers Financial was described by the SEC as insolvent.

Franco puts boot into lumbering state sector Brazil's president feels betrayed by debt-ridden companies, writes Christina Lamb

HEN the Brazilian President Itamar Franco says he may review the monopoly status of some.

As a result of an intensive state-led of his first complaints was that the use of an elephant to symbolise the state in the campaign for privatisa-tion was "derogatory" to such a val-iant sector. Not only did he suspend the elephant but the entire privatisa-

tion programme. Mr Franco's rose-tinted view has been clouded by the discovery of the sector's drain on the exchequer. The state sector now holds almost as much debt as Brazil's entire foreign debt. Its arrears on taxes and social security contributions amount to \$8.7bn (£6.1bn) - more than the government is struggling to raise through its proposed fiscal reform. Already this year the central bank has provided \$400m of its reserves to enable state companies to keep up payments

to international creditors. Saying he feels "betrayed" by state companies and "their intolerable privileges", this week Mr Franco ordered an investigation into their activities and slashed salaries of directors by as much as half. Legislation is awaiting Senate approval to allow parastatals to be declared bankrupt and Mr

development programme begun in the 1950s to make the country self-sufficient. Brazil has 159 state companies involved in everything from goldmining, oil, aerospace and shipping to manufacturing of computers, steel and fertilisers, and employing 730,000

This year state commanies are projected to lose \$5bn through waste and inefficiency, spend another \$6bn servicing debt of \$93.3bm, and take out of the budget \$5bn for investment just to end the year at the same point as they

in return they will pay back \$10bn in taxes, leaving a net drain of \$9bn. Mr Joel Korn, president of Bank of America in Brazil, says "this is the real cause of inflation".

While Mr Franco may have ideological objections to selling off these companies, he wants to stop them bleeding the economy. To the alarm of the company presidents, he is refusing to authorise the traditional monthly inflation-plus adjustments in tariffs without cost plans. Even Petrobras, the usually sacrosanct state oil com-

ent parts of the country. Unravelling the finances of state companies is not an easy task. Not only are their costs often a mystery but a buge web has been created of interlinking debts.

According to Economy Ministry figures, the champion debtor is the elec-trical sector. Eletrobras, the holding company with assets of \$36m, owes \$59.2bn including the debt on Itaipu, the world's largest hydroelectric project, and has arrears of \$12.4bn against projected profits this year of just \$100-

More than half the state sector debt is in foreign and domestic bank loans and multileteral financing. A further \$18.9bn is in debentures issued over the last decade to capitalise holdings. Another \$2.9bn is owed to suppliers and construction groups.

Many state companies would have been declared bankrupt long ago had they been in private hands and, if the new legislation is approved, several may not be long for this world.

pany, is to undergo an audit. In the energy sector he has proposed legisla-tion to allow different rates in differ-Lloyd, the paralysed state shipping company, which retains 1,100 workers for just two ships and last year suf-

fered losses of \$65m.

Seven out of 10 parastatals are inefficient, according to Mr Jose Manoel Goncalves de Oliveira who recently co-ordinated a 1,400-page study on Brazil's infrastructure for the Electrical Association. In the energy sector. for example, Brazil needs five times as many people as Canada to produce

The telephone service, it says, is "falling from third to fourth world levels" with 24 out of 100 calls not connecting. Brazilian ports are the least efficient in the world with costs of \$15 to load a tonne of soya compared to \$2 in the US and \$4 in neighbouring Argentina. "How can a country think about being competitive internationally with these conditions?" asks Mr Goncalves.

However, state companies' directors claim that, had they not been statemay not be long for this world. run, they would not be in this situa-Favourite candidates are Cosipa, a steel mill, which has overdue debt of governments have kept public sector-

dled with directors for political or even corrupt ends. Petrobras has had seven presidents in the last three years. Directors of the National Steel Company complain

tariffs artificially low to suppress

inflation and have constantly med-

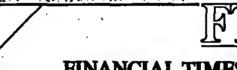
that the bureaucratic straitjacket of the state has denied them the flexibility to compete with recently privatised Uniminas. The government cash crisis has also blocked desperately needed investment, Privatisation would seem the obvi-

ous answer, but for Mr Franco'e belief that there is something inherently wrong with selling off state assets. His decree on privatisation issued last month gave him imperial powers over the process and investors have not been optimistic that the programme will restart as promised next However, there are indications that

Mr Franco may be changing his mind. He said this week: "The concept of a state enterprise that I defend is one that serves the interests of the state and not of interest groups."
He left little doubt as to which cate-

gory he thinks Brazilian parastatals





FINANCIAL TIMES CONFERENCES

THE EUROPEAN WATER INDUSTRY

London, 15 & 16 March 1993

The Financial Times fourth conference on the water industry will examine the evertougher yardsticks set by the European Community and its member states, the cost of up-grading water quality and moving to new methods of waste disposal. Opportunities and challenges for companies seeking fresh markets in Eastern and Central Europe will also be assessed.

Speakers taking part include:

Mr David Maclean MP Minister for the Environment and Countryside

The Rt Hon The Lord Crickhoweil PC National Rivers Authority

Mr Tom Garvey EEC

Miss Janet Langdon The Water Services Association of England and Wales

Dr Jürgen Müller Deutsches Institut für Wirtschaftsforschung

Dr Leszek Baginski Polish Ministry of the Environmental Protection, Natural Resources and Forestry

THE EUROPEAN WATER INDUSTRY

 Please send me conference details Please send me details about exhibiting at



FINANCIAL TIMES CONFERENCES

Mr lan Byatt Office of Water Services

Mr Jean-François Didion Lyonnaise des Eaux Dumez

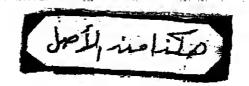
Mr John Bellak European Waste Water Group Severn Trent Pic

Professor George Fleming Strathclyde University

Mr Josue Tanaka European Bank for Reconstruction and Development

Mr Nikolal Mikheev Ministry of the Environment and Natural Resources of the Russian Federation

Financial Times Confe 102-168 Clericenwell R		
Tel: 071-814 9770. Tb	L 27347 FTC	ONF G. Fax: 671-873 397
Name Mr/Mrs/Ms/Other		
Position		Dept
Company/Organisation		
Address		
	•	City
Post Code		Country
Tel	Tix	Par



Lamont faces cabinet pressure not to raise taxes

By Peter Marsh, Emma cker and Philip Stephens

MR NORMAN Lamont. chancellor, will be cautioned hy cahinet colleagues this morning out to risk aborting economic recovery by introducing large tax increases in his March 16 Budget.

The discussions will take place after better-than-expected retail sales statistics lifted hopes for an end to the recession. Retail sales volumes increased by 1.6 per cent last

ber, and hy 2.3 per cent on the previous January in the biggest annual rise for nearly four

The seasonally-adjusted retail figures from the Central Statistical Office indicate that retailers, helped by beavy discounting, have bounced back in recent weeks after a disappointing December in which sales volumes dropped a revised 1 per cent on the previ-

tone of the figures, sterling fell last night to s new closing low in London against the D-Mark. The pound slipped against the German currency on the back of expectations about a further cut in UK interest rates, even though Mr Lamont told journalists he had no reductions in

Sterling dropped 11/4 pfennig against a stronger D-Mark to a London close of DM2.35, while against the dollar, the pound slipped by a third of a cent to

retail sales figures as "extremely encouraging" and said that rates were "at a suitable level" to keep inflation down and were also consistent with recovery.

The cabinet's traditional review of the background to the Budget will see the chancellor warn that the sharp deterioration in public finances may force some increase in taxation in one of his two Budgets this year. That view is thought to be shared by a num-

Mr Lamont welcomed the ber of leading cabinet figures etail sales figures as including Mr Kenneth Clarke, home secretary. Many are convinced that Mr Lamont will have no alternative but to extend the Value Added Tax net to goods and services which are at present zerorated.

> A majority of senior ministers are thought to favour delaying hig changes until the second Budget in December eveo if Mr Lamont decides to "flag" them next month. It also emerged yesterday subject on March 16.

that the Treasury has been

Study backs

integration

A two-speed Enrope could deprive south-east England of

annual income of up to £10bn,

according to a report published today backing a full UK role in European integratioo.

The study, by the European Policy Forum, was commissioned by the Corporation of London to underline the poten-

tial losses to the City if Britain failed to ratify the Maastricht

treaty. It says that "detach-ment" from the EC - the pos-tulated result if Meastricht

were not ratified - could lead to "marginalisation" of the

sonth-east, which would revert to a lower level of income and

Tough auditing

Companies will be forced to

show many more assets and

liabilities on their balance sheets under radical new rules

proposed by the Accounting

Fred 4, the financial report-

ing exposure draft on off-bal-ance sheet financing, will have a substantial effect on the

accounts and reported borrow-

ing ratios of banks and many

other companies. The guide-lines, which could become a

mandatory standard by the end

of this year, provide tough new

requirements on the treatment

of complex devices which have

been used by a growing num-

ber of companies to conceal the

impact of transactions in their

rules planned

full EC

told by the Washington-based International Monetary Fund that taxes should be raised in order to cut the rising gap between government receipts and spending. The public sector borrowing requirement is expected to rise to about £37bn in t992-93 from £13.7hn in

1991-92. Last night the Treasury said t could not discuss the UK's fiscal stance before a full exposition by the chancellor of the

ing. About £2.5bn would be generated by capital investment in facilities, environmental improvements and regeneratlon projects. tn addition, KPMG said running the games would be worth £1.5hn ln sponsorship, medla activity, merchandising, tourism and additional income to the

> region.
> Manchester is hidding against Brasilia, Berlin, Milan. Istanbul, Beijing and Sydney.

Peugeot Talbot strike warning

Peugcot Talbot warned its 3,500 manual workers not to go on all-out strike from the end of tomorrow for bigher pay because they will threaten

their job security. In a letter to all employees Mr Mike Judge, the company's personnel director said Peugeot Talbot would not improve its current two-year pay offer of 3.5 per cent this year and the greater of a further 3.5 per cent in 1994 or inflation

BT and Oftel agree deal

Businesses which make extensive use of private telecommu-nications networks will be able to predict their costs with greater confidence as the result of an agreement between British Telecom (BT) and Oftel, the industry regula

tor.
The organisations bave agreed a formula controlling the prices BT will charge for private circuits over the period 1993-1997. It sets a cap of the rate of inflation on three fami-lies or "baskets" of private circuit - national analogue circuits, national digital circuits and international circuits.

Secretarial pay rises by 5.7%

Secretaries of chief executives received pay rises of 5.7 per cent last year, compared with increases of 3.2 per cent for departmental secretaries and 2.8 per cent for clerk/typists. The figures, poblished today by Reward, the pay research group, show that clerical and secretarial pay has outstripped inflation by a substantial

Labour leader urges party to back Maastricht

MR JOHN Smith, the opposition Labour leader, succeeded yesterday in persuading most of his party's MPs not to back "wrecking" amendments on the government's bill to rat-ify the Maastricht treaty.

The move will help the government ratify the treaty. But Mr Smith told the parliamentary Labour Party his determination to continue pushing for Britain to Implement Maastricht's social chapter,

Mr Smith said he was not convinced by the government's latest legal verdict that Labour's amendment 27 on the chapter could be ignored if

The government, meanwhile, bas decided that elther the Attorney-General or Solicitor-General will be "on call" at all times when the Maastricht bill is debated by MPs.

The decision follows the embarrassing U-turn on Mon-day when Mr Douglas Hurd, foreign secretary, told MPs that earlier Foreign Office legal advice had been wrong.

Last night. Mr Hurd warned a meeting of backbench Conservative MPs that if Britain did not ratify Maastricht, it risked losing influence at the United Nations and in the US. as well as in Europe, But he advice might not stand up to the probing it is likely to

The test for Mr Smith came when Euro-sceptic Labour MPs tried to get a pledge that a Labour amendment opposing the European Central Bank would be pushed to a vote when debated by the Com-mons. If passed, the amendment would have the effect of wrecking the bill.

Mr Smith said the issue was

"straight political question" whether Labour wanted to reject Maastricht or huild on the treaty. He backed greater accountability of the proposed bank hut said there would have to be compromises.

The Labour leadership, however, will not say bow it will instruct its MPs to vote when the Masstricht bill reaches its third reading - the final stage of its passage through the

House of Commons.
Several leading members of the opposition say Labour should at least abstain if the social chapter is not incorpo-Yesterday Mr Paddy Asb-

down, Liberal Democrat leader, sought to increase the pressure on Mr Smith, asking in a letter for to say how the party would vote. "We can never have the social chapter if the Maastricht treaty is destroyed." Mr Ash-

Archbishop offers vision of Europe

By David Marsh European Editor

or Dr George Carey, ecu-menism a la Maastricht has its limits. Although the Archbishop of Canterbury gives a general blessing to European integration, he draws the line at the idea of monetary union leading to the head of his Church disappearing from English pound notes.

"I want the Queen's head on the banknotes. The point about national identity is a very important one. For me being British is deeply important. I don't want to become French or German," Dr Carey says. Speaking squashed into a

window seat overlooking West-minster Abbey during the Church of England synod this week, the Archbishop spelled out his vision of how Britain and European could come

To be British is not in cometition with being European." says Dr Carey, who developed the theme during a visit last week to Strasbourg and Brussels to see leaders of the European parliament, the Council of Europe and Nato. His talks howed him: "There is a great anxiety and desire for Britain to belong to Europe and be committed to it.

We as a nation come across to mainland Europe as reluc-tant Europeans. We are brought it into it squealing rather than rejolding ... Our future is in Europe. Away from Europe we would decline into a little offshore island hecause America is not going to do very much for us and the rest of the world isn't (either)."



Archbishop Carey: "Being British is deeply important. I don't want to become French or German"

Dr Carey displays studied benignity towards Maastricht's arch-opponents. "I think the Maastricht treaty is rather like Stephen Hawkins' 'A Brief His tory Of Time" and the Satanic Verses." People have got very fixed opinions about it without having read it. I think we need to help people understand the

general shape of it."
The Archbishop has set up an inquiry to look into the FT's disclosure last year that nearly 2500m has been wiped off the value of Church of England property investments as a result of beavy borrowing to finance speculative property

developments, "I'm grateful for the Financial Times. I want an open Church in an open society. I can promise we're not going to whitewash it. The Church people who have given the money need to know where the money is going to."

Dr Carey believes his Church, in co-operation with churches elsewhere in Europe, has a central role in steering Europe down the path of righteous integration.

"When you are European in the Community you are mem-ber of a trading community. But one of the points I've been putting out there is that you

have to move from selfishness to altruism. Most of us are in the Community for selfish reasons, for economic reasons, for materialistic reasons. That's not a good enough reason to belong. There have got to be cultural and spiritual reasons... If we end up with a fortress Europe, that's not a Christian Europe."
The Archbishop also voices

strong support for EC emphasis on subsidiarity - allowing government decision-making to be carried out at the lowest level. "This is deeply important ... It comes from a Chris-

Games could be worth £4bn

Staging the 2000 Olympic Games in Manchester could be be worth at least £4hn to north-west England and create the work equivalent of 11,000 full-time jobs, according to **KPMG Management Consult-**

11 18 11 8 11

ch 1993

FINANCIAL TIMES COMPLTER RELATED Toaniba T4500C - 20MHz 486SX Processor - 4Mb £3,150.00 (SAP) PERSONAL / PORTABLE **COMPUTERS**

Friday 19th February

To find out about the effect that personal and portable computers will have on IT management and business organisation, read tomorrows 10 page survey in the FT

FINANCIAL TIMES

NOTEBOOK POWER

ultimate portability!

RAM - 120Mb Drive - High Quality Colour TFT Screen . 6.8lbs . 3.5hrs Battery Life - Microsoft Windows - MS DOS 5.11 & Ballpoint Mouae

Business Systems Group can meet all your PC requirements - call for the best available price!





THE BUSINESS **SECTION**

appears every Tuesday & Saturday. To advertise please contact Karl Loynton on 071-873 4780 or write to him at The Financial Times, One Southwark Bridge, London SEI 9HL.

ance organised by Forum Europe and EBN *
with British Coal Enterprise and the
Posterutation and Redsvelopment (CERFAII) as leading periopents. Man Management and Innovation British BRUSSELS 11TH & 12TH MARCH 1993 (20) "Spin-off" is the term increasingly used to describe the system of decreasing staffing levels of major corporations by encouraging executives to set up separate enterprises as satellites to the parent company. What companies stand to gain from spin-offs, and the advantages of this fast-growing technique for local, regional, national and even Eastern European economic development, are to be discussed by top industrialists, senior EC Commission officials and politicians at this high-level conference. enterprise Participants will represent scores of major companies around Europe already benefitting from corporate spin-offs, and Forum Europe's lively debating style will provide the ideal opportunity for professional contacts to be made. se return this completed form to Forum Europe, OR It in UX treephone British Coel Enterprise Ltd. on 0900 444 235 quoting "EBN" giving the information requested below. I would like to receive information concerning: ☐ Spin-off conference ☐ British Coal Enterprise CERRM Farum Eurape 88 rue des Patriotes, B 1040 Brussel, Belgium Tel : (32 2) 735 14 30 Fax : (32 2) 736 32 16

Thu European Business and Innovation Centre Network (EBN) is supported by the Commission of the European Communities.



A scar that will persist for many years to come

Britain faces the certainty of 3m unemployed. If not today, then soon. More chilling is the fact that the figure will remain high even when the economy recovers. **Edward Balls reports**

IF unemployment does not to return to pre-1970s days pass 3m in today's headline fig- when fewer than 1m were out ures it will next month and the prospect of another year of sluggish growth means the jobless total will grow well into

Yet the attention-grahbing fall and rise in the level of unempfoyment over the last few years obscures the more chilling feature of Britain's record: the rising level of unemployment that persists whether the economy is in recession or growing fast.

While the pace and timing of the recovery is hotly disputed, no economists in the City of

 Optimists such as Mr Kevin Gardiner at S G Warburg Securities expect unemployment to peak at 3.2m in the fourth quarter . of this year and to fall helow 3m in early

· Pessimiats such as Mr Gerard Lyons of DKB Interna-tional expect a sickly recovery to push unempfoyment to a peak of 3.6m in 1995 and keep it above 3m throughout the next decade. Either way painfully high unemployment levels are here to stay for years to

Why is the underlying level of unamployment so much higher today than twenty years ago? Britain's repeated rollercoaster rides hetween boom and recession make It tempting to hlame government mismanagement for persis-

tently high unemployment,

especially after three wrench-

30

35

mist One Harrised Years of Secretains

1.0

not alone in being dogged hy persistently high and rising unemployment, although the rise in continental European unemployment may have occurred less spasmodically.

Britain's unemployment rate has risen by more than that in any other member of the group of seven leading industrialised countries over the past two

parts, and is even now barely above that in recession-bound

(23%)

(11.2%)

The standard explanations for persistently high unemployment – powerful trade unions. geoerous unemployment bene-fits or an immobile workforce - do not fit well with Britain's 1980s experience.

The Thatcher government deregulated the labour market, making it easier to hire and fire workers, and encouraged a large rise in female employbership fall and the number of atrikes decline; It cut the level of unemployment benefits relative to average wages; and more workers than ever before bought their houses and moved

between regions. Yet at the peak of the late 1980s boom, when skilled and unskilled vacancies across the country had recovered to their levels of the late 1970s, unemployment remained higher than in any other post-war

The explanation lies in the attributes and the aspirations of the unemployed themselves. Technological change and competition from low-cost developing country producers has reduced the demand for unskilled labour other than in low wage, often part-time employ-

These jobs, often in the ser-vice sector, have been mainly taken by female entrants into the labour market.

Meanwhile the demand for the services of unskilled men has collapsed, at least at wages they are willing to accept. Most of the long-term unem-ployed in the 1980s were male, trial heartlands of the north of England and had no educational qualifications.

Many of these men have slipped off the unemployment count and are now officially counted in statistics as being economically inactive.

The mythology of the current recession suggests that this time round its is architects, lawyers and other middle-class professionals in the south-east who are suffering. But this a misleading carica-

Like all myths, there is some truth behind it. Unemployment has risen much faster in the south of England than in the north and has hit mortgage-holders harder than people who live in rented accommoda-

Unemployment rates for pro-essional workers have risen, while they barely changed in the 1980-81 recession; and unemployment rates have risen for all groups, regardless of differing educational qualifi-

The fear of unemployment among professional and indebted home-owners is also

partly to blame for the recovery. Yet the professions and service sectors haven't taken the brunt of this recession. Employment in service industries has fallen by a little under 500,000 since the recession began hut manufacturing employment has fallen hy over

The unemployment rate for people who worked in manufacturing has risen by 5.8 percentage points since 1989 com-pared to 2.4 percentage points in banking and finance. Unemployment rates have risen much faster for men and young people than women, and for people in unskilled hlue- or white-collar occupations than professionals.

The recession is spreading the effect of falling demand for low akill labour to the south and to the service sector. Even when recovery comes, many of these lost jobs will only return at increasingly low wages. It is the poorly educated, not

the frightened middle classes, who will still be bearing the brunt when this recession is just a painful memory.

Samuel Brittan, Page 16

Quarter of workforce experiences loss of job

By David Goodhart and Edward Balls

ABOUT one-quarter of the workforce has experienced unemployment since it started rising in early 1990 and almost exactly half the unempfoyed are now homeowners, according to a Financial Times analysis of government data.

These, and other figures, illustrate why unemployment is taking a far heavier toll of economic confidence than in previous recessions, and wby the government is nrgently considering a package of mea-sures aimed at the "white collar" jobless to accompany the March f6 Budget.

The government will today nnounce that the raw unem ployment total, not adjusted for seasonal variation, has breached the 3m barrier for the second time in a decade.

The seasonally adjusted figure will remain just below the 3m mark but today will still be marked by national demonstrations and a lobby of Parliament organised by the Trades Union Congress as part of a Jobs Action Day.

The FT analysis has found 49 per cent of the unemployed own or are still buying homes compared with 50 per cent who live in rented accommo-

The increase in unemployment among mortgage holders is also illustrated by the government's figures for income support, the main benefit for the unemployed, which covers mortgage interest payments.

In 1990 income support was paying ont £544m for mortgage interest which rose in 1991 to £949m - almost 10 per cent of the £10hn which income support spends on the

Manufacturing has continued to lose a far higher proportion of jobs than the service sector between 1989 and 1992 - minus 14 per cent compared with minus 1.5 per cent. But in previous recessions the same 10 to 15 per cent cent of the workforce has moved in and out of employment whereas the reach of unempfoyment has this time extended much further both occupationally and regionally. 11.3m have joined the unem-

ployment count since April 1990 which, even allowing for a considerable amount of donhie counting, means that around one-quarter of the workforce have been affected.

The unprecedented increase in unemployment in the South is also show by the fact that 35 per cant of the long-term unemployed live in the South compared with 58 per cent in the North, in 1984 the corresponding figures were 29 per

ing recessions in fewer than But while the UK has had The rate started rising, bowever, from a lower level than in much deeper recessions than most of its European counter-● Wolverhampton: long-term unemployment — short-term thinking ● Lewes: painful attrition in the south-east

The town condemned to

two decades of decline

Post-war UK unemployment on a rising trend

By Paul Cheesaright, Midlands Correspondent

WOLVERHAMPTON is a symbol of the nation's industrial decline. It ran into trouble in the 1970s and the recession of the 80s dealt its econ-omy a blow from which it has not recovered. The recession of the 90s is akin to stopping a baby's feed when the milk bottle is half full: the baby survives, but miserably.

The unemployment rate in the town is nearly 16 per cent. As many as a third of males in some inner city areas are out of a job. "In under 20 years we have gone from full employment to the worst area of the west Midlands in terms of unemployment," says Mr Dennis Turner, Lahour MP for Wolverhampton South East.

Twenty years ago, clvic leaders complained that "national policy on the focation of industry continues to leave this important industrial area without its second-generation metal using and forming industries, and appears to deny it growth of almost any sort.

That chicken came home to roost in the late 1970s. In the eight years to 1986, manufacturing industry shed 20,000 jobs. in autumn 1986. when the national economy was experiencing high growth, unemployment in Wolverhampton was above 20 per cent. In 1978 there were 20 companies with more than 500 employees. By 1989 there were only

Mrs Gillian Shepherd, the employment secretary, said last weekend that two out of every three people

hampton, the proportion out of work for longer than a year was more

than 40 per cent. The Rev Michael Godfrey, an Anglican industrial chaplain, is one of those trying to pick up the pieces. He is attempting to keep open the Cannon industries' fires and cookers plant. The company, part of the GEC group, wants to close its local plant

Every young person you speak to has had a period of

unemployment...it shifts the attitude of loyalty because they don't have any to a particular employer. People just think short-term'

and consolidate production at Stoke-

"Every young person yon speak to has had a period of unemployment, and they just take it," he says. "Unemployment shifts the attitude of loyalty and community because they don't have any to a particular employer. People just think

There is, be suggests, a "great survival mentality" which comes out in "the sheer determination to hold on if you do have a job, and this is what detect at Cannon". Expectations are narrowing, lead-

now losing their jobs were back at ing to what Mr Andy Flockhart, dep-work within six months. In Wolver-uty chief executive of Wolverhampton borough council, calls the key structural problem - "a low skills level, low aspirations and the loss of

semi-skilled johs". A third of the town's employment is in manufacturing, still higher than the national average. "While this has cootracted from 40 per cent, our services sector has not been growing to take up the slack." Mr

Flockhart says. The civic vision is of Wolverhampton as "the biggest and most prosperous centre between Birmingham and Manchester," according to Mr Bill Clarke, the Conservative council

Its service sector would be enhanced by redevelopment of the Molineux football ground and the Dunstall Park racecourse. Its manufacturing base would be strengthened by the creation of a science park linking the local university to engineering lesders such as GKN Technology, Goodyear, IMI and Lucas Aerospace.

Such plans, in the face of two decades of decline, have been slow in emerging. Mr Turner put that down partly to "the general reluctance of government to see local authorities playing any real part in the regeneration of industrial communities." Mr Clarke believes that "the view has taken root across political parties in Wolverhampton that, unless there is a joint approach, development will not take place".

Either way development will be slow. "People don't use the word 'hope'," says Mr Godfrey.

The architect fighting to survive in the south-east

By Emma Tucker, Economics Staff

"I'm 48, married, I have three children at school, a mortgage and a profession I cannot use. At my age I sometimes wonder wbetber I will ever work again."

Sitting in the back room of his home, the old toll cottage on the Lewes to Uckfield Road, Christopher

Coomber, reflects. Three years ago he was senior architect at McCarthy and Stone in Eastbourne; one day between jobs in the 1960s was the extent of his expe-

rience of unemployment.
He is not alone. Lewes, the county town of East Sussex in southern England, has bustled its way through previous economic slowdowns, cushioned by jobs in local government, Sussex University, and the affluence that naturally gravi-tates towards tha pretty market town. But this time it has suffered along with the rest of the country.

"I suppose it's a better quality unemployment you get here," shrugs Mr John Crawford, chief executive of Lewes District Council, peering over an aerial view of the South Downs which shows the town clumped in the middle.

"When I came to Lewes I thought nothing would ever touch its economy. I thought it was so strong with the law courts, County Hall, and the fact that the retailers enjoyed a very established market. But I would revise that opinion now." The town has not been the victim

of headline-grahhing redundancies. Instead it has suffered from the gradual attrition of a once stable employment base, resulting in one in 10 people out of work. "It has been a few here and a few there," says Madeleine Mayhew, a reporter on the Sussex Express. "It only takes the hranch of one bank or retail chain to pull out, to make a differ-

Unemployment hit Christopher Coomber hard; first the dog and then the family lelt the hrunt of his quickening temper. Money, he says, was one reason. "The subs for the my children's scouts are £10 a term and when f look at the Scout master smiling and asking if I can pay next week, it really hurts." At times even now the pressure

gets too much. Then Christopher is be found walking out across the fields behind his house, smoking cigarettes he can't afford. "I think back to what I was earning, and how I thought that wasn't enough. And now I have nothing."

Meanwhile he has lost touch with

his profession. "I have lost interest in what is happening, and the gossip. I used to be in contact with what other people were doing, but I have dropped out and don't really care any more." East Sussex County Council's fig-

ures show that unemployment in the Lewes district - which includes Newhaven and Seaford - rose by 37.6 per cent last year, while Ms Mayhew reports that Stena, the ferry



Unemployed architect Christopher Coomber tries to rebuild his future

operators in Newhaven, received more than 400 applications for one recently advertised cierical post. Wealthy commuters living in Lewes's surrounding villages have lost jobs, and virtually all have seen the value of their homes tumble.

This has put pressure on retailers. I think back to what I was earning, and how I thought that wasn't enough. And now I have

nothing...I used to be in contact with what other people were doing, but I have dropped out

and don't really care'

"The high atreet is all charity shops, banks and building societies the kiss of death," says Mr Rudi Simmonds, president of the Lewes Chamber of Commerce. "Lewes is fed by its hinterland, by the people who make their money in London. But they are drawing in their

horns." The quiet crisis has compelled the district council to produce an economic development strategy. But the council knows Its limitations and is aware that it cannot compete against other areas in East Sussex for increasingly tight state funds.

"We are trying to break through the perception that everything must be all right because it is the southeast," Robin Beechey the county Chief Executive says. Already the county has the lowest

average wages in the south-east and the fact that over 75 per cent of companies in East Sussex employ ten or fewer people, has made the region particularly vulnerable to

Brian Renville, at the Lewes Job Centre says he has seen everyone from accountants, systems analysts and engineers, as well as unskilled workers join

the ranks of people like Mr Coomber, who at the age of 48 is considering retraining, even though the prospect is daunting. "I am thinking of doing anything at all, because in another ten years I am going to go nowhere," he says.

Even when the national economy picks up some fear that Lewes will fag tha reat of the country. An export-led recovery would make little impact on a county where only 14 per cent of the workforce is in manufacturing - the lowest percentage for any county in England.

The tough job of spreading thin pickings among the jobless millions

By David Goodhart, Labour Editor

IF THE past 20 years has proved anything it is there are no simple. cheap solutions to unemployment. Yet there are some that are rela-

tively low-cost. One idea is to spread the available work more evenly across the whole population; another is to overhaul the benefit system to make it more employment-friendly; and a third involves limited subsidies to induce employers to take on the long-term johless.

The "re-distribution" school which ranges from feminists to technological pessimists - argues

that for structural as much as cyclical (recession) reasons unemployment of more than 2.5m is here to stay and the only way of getting more people into work is to repackage existing working time to include them.

The Horseleyfields area of Wolverhampton - "people don't use the word bope"

They welcome many of the 1990s' trends towards more flexible, part-time, work, and want to encourage more job-sharing while discouraging systematic overtime.

The 1990s could be the decade the redistributionists have been waiting for. The double-earner bousebold is now the norm, so ft is easier for men to work shorter hours and take a greater role in child-rearing. Joh

sharing and part-time, or twothirds, jobs, may also suit the wellpaid managerial and professional workers, whose jobs are now threatened for the first time.

There is mainstream political support for such ideas. Mr John Smith, the Labour leader, says he wants a definition of full-employment which "recognises the rights of part-time workers and forges a new balance between the demands of family life and paid work for both men and

There are plenty of ways to encourage the jobs market to share out work even more, and make sure the unemployed get some of it. The

French government tops up the pay of older workers who give up half their job and covers administrative Making the benefit system more

employment friendly could help the process. It is currently difficult for the employment service to help people to help themselves back into paid employment because of social security rules which assume most of the unemployed are work-shy.

Income support, the most important benefit for the unemployed, has an "actively seeking work rule" which precludes more than 16 hours paid work per week. 21 hours formal education, and can prevent peo-

ple working for nothing in the voluntary sector. The government seems ready to relax some of these

Just as important would be raising the threshold of what the unemployed can legitimately earn, and removing the "mortgage trap". For the first two years on income support people are allowed to earn only £5 hefore having every pound earned clawed hack through reduced benefit. That is raised to

£15 after two years. If an unemployed person, or someone in their household, takes part-time work over the honra threshold it can lead to the withdrawal of mortgage interest payment, which takes 16 weeks to reinstate if you then lose the joh. The main in-work benefit for the lowpaid - family credit - pays rent but not mortgages.

The best way to get a new job is to already bave one. But Ruth Wharton, a single parent from Cumbria, complains: "You can't risk coming off income support in the hope that a part-time job might turn

into a full-time one." To make it easier for such people reformers propose raising the working hours threshold to 20 hours and the weekly earnings threshold to

Would that simply mean part-time workers on benefit taking jobs from part-time workers not on benefit? It might, but Dr Eithne McLaughlin of Queen's University, Belfast, is convinced from her work with the unemployed that many would go out and create new work, mainly in the service sector.

Subsidising the employment of

the long-term jobless is the most traditional idea. But subsidies have heen rejected in the recent past because they are too indiscriminate

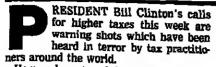
too many of the 7m who will take new jobs this year would attract unnecessary subsidy - or too Europe unites; US showdown; advisers scramble: Page 2; international pacts: Page 3

FINANCIAL TIMES SURVEY

WORLD TAXATION

Expatriates look for better benefits; the Reed-Elsevier marriage; computers: Page 4

Thursday February 18 1993



He may have toned down his aggressive campaign rhetoric about capturing an extra \$45bn from foreign corporations operating in the US. But many will see his pledges as symptomatic of a new, aggressive attitude in the world's largest economy which will help set the agenda of many other governments over the next few years.

The prominence given to Mr Clinton's remarks since his election also serves as a reminder of the huge importance now being given to international tax issues, as multinational companies and international transactions grow in significance. "Business has undoubtedly become more international," says Mr Roger White, head of tax at KPMG Peat Marwick in London. That has brought a corresponding

That has brought a corresponding change in the attitude of fiscal authorities. "In their own plodding way the revenue services are catching up," says White. "They are desperately trying to bring themselves into the 1970s as business moves into the next century."

He argues that there has been a "globalisation of tax policy setting", with fiscal authorities from different countries meeting more regularly across borders, exchanging information and sharing ideas through forums such as the Organisation for Economic Cooperation and Devalopment.

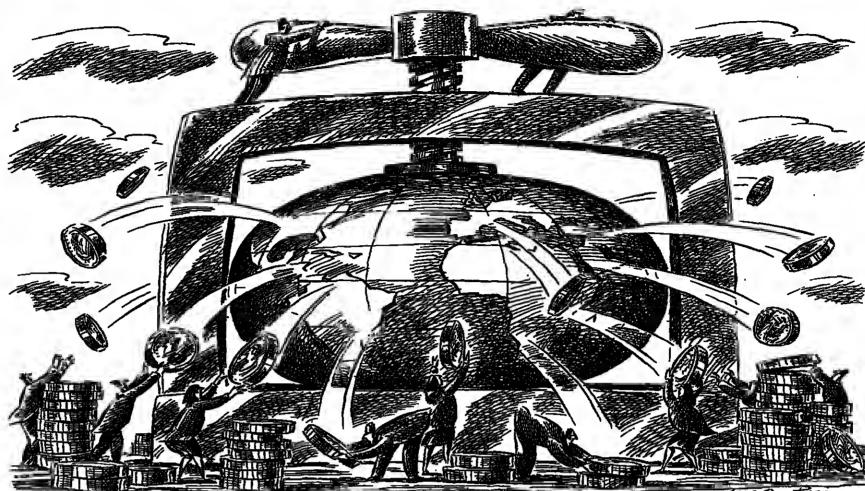
This dialogue is reflected in the recent resurgence of international tax treaties, which grew after the second world war but then declined in importance during the 1960s and 1970s. There are now many hundreds in place around the world, including a near-complete network between EC member states.

Geographically, the US is an important focus of attention. When the Internal Revenue Service takes action, other countries often have to follow to ensure they maintain their share of tax levied. Aside from President Clinton's general sabre-rattling, it has been aggressively pushing for new rules on transfer pricing. "We have the potential for the start of a tax war," says Mr Peter Dickinson, head of international tax with Coopers & Lybrand.

This attitude is shown in the recent renegotiations of its tax treaty with the Netherlands.

The US forced discussions for a new treaty, and the result includes some tough conditions on removal of remaining privileges – on pain of the treaty being nullified. "It was a reflection of what the US wanted," says Dickinson.

The new climate is posing particular problems for multinational companies when trying to structure acquisitions and plan operations, he argues. "It is difficult



The pressure is starting to hurt

President Bill Clinton's intention to raise taxes and squeeze more from foreign companies in the US is symptomatic of a new fiscal aggressiveness in many other countries, writes Andrew Jack

to plan in the long-term, so you have to arrange things in a way that can be changed without adverse consequences in two years' time."

One trend in which the US remains the exception is the introduction of value added tax. Around the world there has been a clear shift away from direct taxation towards indirect tax. Mr Ian McDade of Price Waterbouse says this reflects both the simplicity and lower costs of collection, and the fact that, once introduced, indirect taxes are less politically damaging since people are not so likely to see their

He adds that this growing application reflects a shift away from considering tax as an instrument of social policy or wider public policy objectives, towards one more tightly focused around income generation. At a time when many countries are in recession, it comes as no surprise that their fiscal authorities are pushing hard to boost collection.

The use of indirect taxes is now also being echoed in the countries of Eastern Europe, the former Commonwealth of Independent States and Asia. McDade says this is explained by competition for inward investment: companies will be dis-

couraged by seaing high headlina tax rates.

Most geographical attention for interna-

tional taxation at the moment lies in Western Europe. The EC has achieved a harmonised system for VAT, which began operating at the start of this year. Market forces, officials argue, will begin to force the varying member states' tax rates to

The next challenge will be the debate on whether to shift from an origin-based system — in which VAT is charged in the country where goods or services are bought — to a destination-based one. That

change is designed to take place in 1997 but may be strongly contested.

On direct tax, EC trends are more ambiguous, Progress towards harmonisation on corporation tax seems to have been stalled in spite of an ambitious report by Dr Ono Ruding early last year. But a number of practitioners point to draft EC legislation clearly pushing in that direction.

Methods of collection have changed considerably in the last few years. There has been a movement towards self-assessment of tax, by which taxpayers calculate how at much they should pay and seud this

amount directly to the authorities rather than wait for an assessment.

This has long been the method applied in the US. It is also in place in countries such as Canada, Spain, Italy, Denmark, France and Germany. Ireland and Australia recently moved in the same direction. Now the UK is doing the same, with an

Inland Revenue consultative document issued last year on self-assessment for personal income taxpayers, and a new system of "pay and file" for corporations due to begin this autumn.

The approach reduces the prolonged annual debates over tax calculations, and permits revenue authorities to make considerable staff savings. But it introduces new pressures by placing greater burdens on taxpayers — one reason, it is said, why alcohol sales peak in the US at the time of filing the annual return.

t also brings the risk of far greater investigations or "audit" work by tax officials to ensure that the correct amount has been paid. The onus is being shifted on to taxpayers to prove they have paid the right amount — backed up by detailed documentary proof.

detailed documentary proof.

Investigations and compliance issues are taking on a wider significance. Most international tax treaties include clauses calling for exchanges of information between different national fiscal authorities. These have led to a growth in multinational examinations of a company's tax affairs.

In the EC, formal computer systems to share information between member states and to detect fraud are now in place. This raises questions about the security of confidential and commercially-sensitive information.

It also worries many practitioners, since data may be exchanged and used as the basis for inquiries without any opportunity for the company involved to be able to verify the information under scrutiny.

Technology is becoming more important in other ways too. For companies and their advisers, new software is making it possible to compute and experiment with the presentation of financial information more easily. For revenue authorities, electronic filing of tax returns will increase

markedly during the 1990s.

As international tax issues continue to flourish, one more question remains: the role of the tax professional. In the UK, advice has traditionally been led by accountants.

Elsewhere, lawyers or others with specialist qualifications have dominated. Small companies offering niche services are also developing.

Accountants have good abilities to crunch numbers; lawyers play a vital role in interpreting legal texts and precedents. In the future, there will probably be greater demand for a combination of these skills, at a competitive price.

INTERNATIONAL TAX CAN BE A MAY RIPLEN

International Corporate Tax can be a heavy bracken. Unless, of course, you have the experience and expertise to understand and deal with its

Fortunately for the growing number of bilinesses that trade internationally, Touche Ross has all that carried billy and more to provide the right solutions.

We're part of Deloitto Touche Tobmatsu International, one of the world's largest accounting and consultancy firms. Register as access to a global network of international tax expects. Scopic who not only above your commercial vision, but have already descloped pathinating business countions.

Take our World Tax Planner, for example. With the most up to date database of all international tax planning stiffware, it can help minimise your worldwide tax costs and assist with tax efficient repatriation of your earnings. No matter how widespread your operations.

Then there are our unique methodologies for allocating central service costs, and research and development costs within an international group.

If you would like someone to take the weight of International Corporate Tax off your shoulders, call Peter Parsons on 071-936 3000.

Touche Ross

A Common and A Com

Hill House, I Little New Street, London EC4A 3TR Tel: 071-936 3000. Fax: 071-583 8517

Excellence within reach

Debits Top Telepho Jelonathan

We'll make your future less taxing.

For most international companies the spotlight has fallen on tax affairs as never before. Increasingly, international links are being forged between governments and revenue collection agencies.

lead to their applying a much sharper focus to your business affairs.

Our skill in developing and implementing tax

Co-operation at this level will undoubtedly

strategies is renowned the world over.

Our global network of offices works in unison

to help you deal with international, multi-national and cross border tax issues.

We can offer a complete and comprehensive service to help you maximise all the tax advantages due to you, while at the same time leaving you to concentrate on your business.

One way or another, Arthur Andersen will make your life less taxing.

Contact the senior tax partner at your local Arthur Andersen office.

ARTHUR ANDERSEN

ARTHUR ANDERSEN&CO SC

Andrew Hill measures the progress of the EC's new VAT system

First months are critical

THE EUROPEAN Community has a new barrier-free internal market a new system for monitoriog value added tax on cross-border transactions, and new minium rates of excise and VAT. So far, the EC does not have a whole new set of problems - but Brussels officials are ready for complaints and difficulties should they

The new VAT system, which came into force at midnight on New Year's Eve, allowed member states to lift internal border controls on goods and sweep away some 60m administrative documents filled in by companies every year under the old system. But proof that the new system works will not come until the spring, when data on cross-horder transactions start to flow into national tax authorities via the EC's specially established computer

The European Commission has accepted that there will be confusion in the early months of the new barrier-free internal market. Indeed, senior Brussels officials have urged national authorities to be lenient with companies which accidentally break the rules in the first half

But Mrs Christiane Scrivener, who retained her responsibility for fiscal matters in the December reshuffle of European commissioners, bas already made it clear that there will be no quarter for governments which are sluggish about adopting the relevant legislation.

inevitably the new system has come in for criticism. Companies, some of which admit they left preparations for the single market to the last moment, have been irritated by what they consider an unnecessary new bureaucracy for handling VAT transactions. Some member states have been slow to Issue VAT codes to businesses, and others have not moved quickly enough to bring rates into line with legal-

In the specific area of excise duties, there are worries that a failure to reduce the gap between high-excise countries like Denmark and low-taxers like Spain will lead to "bootlegging" of cheap cigarettes across the Community.

Over the next two years the limit of the current Comission's term in office if the Maastricht treaty is approved Mrs Scrivener will be preoccupied by making these new systems work. Late last year she rushed through directives aimed at simplifying the new approach so it would not unduly penalise companies involved in "triangular trade". and she is eager to maintain

into line. But Mrs Scrivener must also bear in mind the EC's broad commitment to introduce a "definitive" VAT system by January 1, 1997.

pressure on member states to

hring their excise duties more

At the moment, only individuals benefit from the most logical indirect tax system - pay VAT on goods where they bought, at the local rate. are bought, at the local rate. The introduction of this "origin" system and the abolition of travellers' allowances for tax-paid items has encouraged a mini-boom in cross-border shopping.

The revenue at stake in such small-scale cross-horder business was very small, although consumer groups bope a small increase in intra-EC bargainbunting will have a dispropor tionate effect on prices in domestic markets. Such is the sensitivity of national treasuries, however, that even for individuals there are exceptions to the "origin" VAT rule for some Items, such as cars

and mail-order goods. More importantly, member states are not yet prepared to make the sacrifices needed to introduce the same system for cross-border commercial transactions. That is the aim for

ly-binding guidelines agreed DERSONAL INCOME TAX RATES IN THE EC (%)

Country	Threshold	Maximum
Belgium	25	55
Denmark	52.8	68
France	19	57
Germany	19.7	53
Greece	18	40
Ireland	29	48
Italy	10	50
Luxembourg	10	52
Netherlands	13	60
Portugal	15	40
Spain	25	56
United Kingdom	20	40



Mrs Christiane Scrivener: EC

1997, but it will involve a great deal of preparatory work. For exampla, some sort of central "clearing house" would have to be set up for all EC cross-border transactions, to ensure that national treasuries do not lose out. Senior Com-

mission tax officials reckon

work will have to start on such

a system before the end of 1993. For the time being, bowever, Mrs Scrivener's advisers are reluctant to add to companies' worries about the existing situation by heginning to talk about a "definitive" system. They even reject the tag "provisional" for the system which came into force on January 1. We will start our reflections (on a definitive system) next year, but we don't want to mix the two things." says one. Advocates of a definitive sys-

tem worry that even if companies decide they want to move on to the simpler system, governments will try to hang on to the transitional VAT regime, unless they are put under intense political pressure by Brussels. "Certain governments will say that it isn't in their own interests [to move to a definitive system! says one Commission official

In the meantime, Brussels

Tax advisers are thriving, says **Andrew Jack**

officials are likely to work on the technical aspects of a definitive system so that when the time comes to make a political commitment, the groundwork will already have been laid.

Mrs Scrivener's other priorities are in the even more sensi tive area of direct taxation. Advisers suggest she will press for member states to approve outstanding directives aimed at eliminating double taxation for companies with subsidiaries in other member states, held up in the council at the end of last year. "It's indispensable that these texts are adopted," says one official.

The Commission may also take another look at the vexed question of harmonising savings taxes, without putting EC savers at a disadvantage compared with those depositing their savings from outside the Community. A harmonisa-tion proposal tabled in 1989 was resisted by member states.

Finally, the Commission is keeping a sharp eye on mem-ber states' double taxation pacts with non-EC countries.

Mrs Scrivener warned last year, when outlining the Commission's position on the Ruding report on corporate taxation, that Brussels was studying the effect of recent tax treaties - in particular between certain member states and the US. She warned that such treaties could discrimi-nate against EC companies setting up in other EC states.

Advisers confirm that they are now working out how to end such discrimination either by introducing new EC wide legislation, or possibly by taking a test case to the Euro pean Court of Justice.

the accountants' turf in the

UK. A large number of special-

ist agencies also chip away at

particular niches such as

entertainment tax or, in the

case of firms like Crosber &

James, property work such as

VAT Clearing House offers

advice on capital allowances.

an even more highly-focused

service: the recovery of VAT

on business expenses in the

EC. That raises an important

structural point about the

changing nature of the tax pro-

fession. increased competition

is baving an effect on both the

The firm only charges if it

achieves recoveries, and takes

12.5 per cent of the tax

Deficit challenge to Clinton and Congress

Revenue showdown

US POLITICIANS economists bave for years been wringing their bands over the ever-growing federal budget deficit. But with the outlook now worse than ever. the time may be approaching when the administration and Congress unite to tackle it.

During his election campaign. Mr Bill Clinton shied away from the catastrophist each of Mr Ross Perot, the self-financed candidate who argued that the deficit was a mad aunt in the basement wblcb must be dealt with before anything else.

Just before Mr Clinton took office last month, however, his predecessor, Mr George Bush. presented a farewell pro forma budget projecting that the deficit would, on current policies, grow from \$290hn in 1992 to \$320hn in 1998 - substantially gloomiar than the Office of Management and Budget's earlier predictions, and its most bonest forecast for years.

Mr Clinton seized this oppor tunity to explain that things were much worse than he had been told, and that he would therefore be unable to fulfil his campaign plan to halve the

deficit in four years.

Preparation for the presentation of an economic plan, due yesterday, bas, therefore, included much fervent discussion of what combination of spending cuts and tax increases will best provide the short term stimulus that Mr Clinton seeks to ensure that the economic recovery does not, once again, bog down, while at the same time offering a prospect of deficit reduc-

tion over the longer term. The economic plan laid out by Mr Clinton during his campaign included a curious mix of the broad brush (unspecifled administrative savings) and the bizarrely detailed (an end to the \$18.6m a year subsidy to boney producers) but contains two main revenue raisers:

• the top income tax rate would climb for the richest 2 per cent of taxpayers from 31 per cent to 36 per cent. This. coupled with a surtax on miltionaires, would bring in an extra \$17.8bn in 1993, rising to \$23.0bn in 1996.

 the prevention of tax avoidance by foreign companies is estimated to yield an extra \$9.0bn this year, rising to \$13.5bn in 1996.

Mr Clinton now inte raise corporate income tax rates, probably to 36 per cent, in order to stop the wealthy from shifting their income into corporate shelters to escape the higher personal income tax rates. He has also promised limits on the deduct-

ibility of excessive salaries. The money from foreign companies may, bowever, be hard to find. Although foreign companies on average report lower profits as a percentage of assets, capital or sales than their domestic counterparts, it is far from clear that all of this gap is accounted for by any effort to avoid US taxes.



Clinton campaign officials remained reluctant to the last disclose the basis of their estimate. But it is widely assumed that they split the difference between an estimnte by the Internal Revenue Service that the tax shortfall could amount to as much as \$3bn, (if the gap between foreign and domestic profitability were entirely accounted for by abuses), and an estimate of \$30bn a year, popular in Congress but based on the somewhat academic assumption of

Professor James Wheeler, of Michigan University, that foreign companies must be earning as great a return on assets as they would get on a Treasury bond, or they would not trouble to do business. Congress's Joint Committee

on Taxation, probably the most anthoritative source for revenne estimates, calculates that if foreign companies were taxed in proportion to their assets, rather than their reported profits, they would pay only \$166m more a year. or \$680m more if taxed in proportion to their receipts. Politically, however, the tar-

get is so appealing that tax lawyers and congressional staffers are convinced that some effort will be made to wring more tax out of foreign companies. This could involve an attempt to rewrite the Section 482 rules on transfer pricing put out by the Busb administration in its final lays, but many observers feel that Congress is so eager to get its finger into the ple that new legislation is likely.

Foreign governments, as well as the Organisation for Development, fear that the Congress may try to ignore international tax codes and bilateral tax treaties.

Fiscal realities, bowever, are driving the new administra-tion in search of other sources of revenue beyond the tax increases Mr Clinton outlined in his campaign. This is taking him into hostile territory.

Many of Mr Clinton's advisers, backed by an unlikely coalition of environmentalists and carmakers, have around in favour of a substantial increase in taxes on petrol, an option favoured by Mr Perot during his campaign. The fed-

eral petrol tax stands at a relatively modest 14.1 cents per gallon, although all states and some cities also tax petrol.

But although many econe mists believe on increase in the petrol tax would have the desirable effect of reducing US fuel consumption, and hence pollution, politicians view it as snicidal, because it is percelved as unfairly burdening the middle class, as well as the car-dependent states.

A broader energy tax, possihly levied per British thermal nnit, is now favoured, although some senators from oil-producing states are clamouring for an oil import fee.

It is a token of the greater serionsness with which the In Washington that discussion of tax increases bas not stopped there: even Social Security, the US state pension system, is under scrutiny.

Senator Daniel Patrick Moyniban, the unpredictable New Yorker who took over the chairmanship of the Senate finance committee when Mr Lloyd Bentsen became Treasury Secretary, has made It clear that he will fight to the last any attempt to freeze Inflation adjustments in Social

Security payments.

But Mr Dan Rostenkowski. wbo as chairman of the Ways and Means committee is bis counterpart in the House of Representatives, bas warned that there can be no sacred cows, and several leading senators have indicated that they would be prepared at least to consider making a greater portion of these Social Security payments liable to income tax.

dent Busb's Treasury Secretary, argued in a valedictory speech that the US tax system needed root and branch reform, including radical measures such as lifting the income tax threshold dramatically and replacing the lost revenue with a form of VAT. But Mr Brady never undertook such an initiative while

be was in office, and even though Moynihan believes a VAT will come to the US one day, it seems unlikely that the Clinton administration will be any bolder.

George Graham

"World Tax Encyclopedia" All you need to know in a PC system.

Take the approach adopted by so many other suc-

Take advantage of the know-how and experience provided by COMTAX - The International Tax Specialist - to help you make the decisions that derive the maximum benefits from all financial transactions in a convoluted world of fiscal regulations.



COATTAX AB, Stortorget 9, S-252 20 Helsingborg, Sweden Phone +46-42 13 51 30. Fax +46-42 11 01 84

Smith & Partners International Tax Counsel

EC VAT REFUNDS

OUR CHARGE IS

ONLY 12.5%*

- Is your annual tax charge excessive?
- Do you want a second opinion?

Lawyers muscle in ACCOUNTANTS DO the advantage of a recurring cialist further tax qualification. base of audit clients from The lawyers are not the only which to identify and obtain professionals encroaching on

That is changing, in the last four years, Theodore Goddard

has bired two accountants to

help it compete. "They help

make our advice more compre-

hensible to a finance director

additional tax work.

lawyers do it, even property surveyors now claim to do it. A growing number and diversity of professionals are becoming involved in the lucrative world of tax advice.

More than many other grey creas which cross the divide between the professions, tax consulting has become a battleground. And in a recession, the

gloves are coming off.

In the UK, tax advice has historically been dominated by the accountants. But the last few years have seen considerable growth in involvement from lawyers - reflecting their

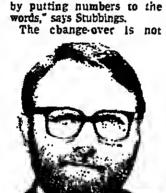
influence in other regions such as North America. Some accountants and lawyers are beginning to move beyond their own firms, while others are setting up their own specialist niche practices with even fewer confines.

"Traditionally accountants were involved in tax compliance and planning while lawyers were involved on transactional work," says Mr Simon Stubbings, the head of tax at the London law firm Theodore

During the 1980s, the growth in transaction work exposed lawyers to tax work more frequently, he argues. That tempted lawyers and also allowed their clients to see and appreciate the greater scope for their expertise to be used. But lawyers beld back until

recently for cultural and professional reasons. They were generally less aggressive and more restricted in how they could market than the accoun-

in international work, the accountants were able to make great play of their international networks and affiliations. More generally, they had



London lawyer Simon Stubbings:

always easy. There is a considerable cultural clash between the two types of firms, according to Mr Daniel Feingold, of Strategic Tax Planning, which be created after stints with accountants and law firms.

Theodore Goddard - in common with most other lawyers - still sees compliance work as a matter for the accountants, and transactions as their own exclusive territory. But the distinctions are becoming increasingly blurred. "Tax

The picture is rather differ-ent outside London. "Provincial solicitors throw up their hands in horror when they sense a whiff of tax being mentioned and they call in an accountant." says Jill Hallpike, secretary of the Law Society's revenue law committee. "But the City firms hold up their own against the accountants." The tension between accountants and lawyers is heing played out between the differ-

planning has become the battleground," says Stubbings.

ent professional hodies. There is already rivalry between the independent Institute of Taxation, and the Tax Faculty of the Institute of Chartered Accountants in England and Wales. Now the Law Society is

considering introducing a spe-

Geographically, there is also a considerable challenge from overseas. London remains important as a centre for international tax work, but other areas are taking on growing importance. The Netherlands has always been an important rival. Mr Barry Larking, a lawyer with

Smith & Partners, a tax firm based in Rotterdam, who has worked for both law and accountancy practices, argues that many London firms adopt an "ostrich-like approach" to issues of law beyond their own national boundaries. "The hig firms take a shotgun approach to international work, seeding a book of infor-

vant national offices," he says. We are not tied into a particular network, and can take a different perspective from the outside." The accountants are still hitting back with greater emphasis on marketing, and the creation of new activities such as out-sourcing, hy which they directly take over the running

mation from each of the rele-

ent companies. But Mr Feingold is among many commentators suggest ing that accountants will become increasingly hardpressed to compete unless they are in partnership with lawyers, since so much international tax work is essentially

of tax compliance work in cli-

THE WORLD TRADE INSTITUTE AT WORLD TRADE CENTER NEW YORK

Located in the heart of New York's trade and financial district, the World Trade Institute offers over 100 seminars and programs annually throughout the U.S. on international taxation and finance.

 Tax Aspects of Intercompany Pricing Including the New §482 Regulations

March 18-19 in San Francisco Expairiale Tax Policies and Planning May 5-7 in New York

 Legal and Tax Aspects of Foreign Investment in U.S. Real Property June 21-22 in New York · Taxation and Regulation of Petroleum Products

For further information on these or any other WII programs on international

terration and finance, piease call Maureen Foye at (212) 435-3157, or

June in Houston Tax Aspects of International Shipping June in New York

The World Trade Institute is a service of THE PART AND PROPERTY AND PROPERTY AND PARTY.

fax (212) 435-2905.

THE FT TAX CONFERENCE

International Tax in the EC and the US London, 14 & 15 June 1993

This highly informative, practical conference brings together a distinguished panel of speakers to review these issues of vital importance to business planning in the European Community and the United States:

- EC Corporate Tax Developments
- Prospects for the VAT Interim Regime -Opportunities and Challenges for European Business
- The European Court of Justice as a Tax Court
- Tax Issues for Foreign Business under the Clinton Administration
- Tax Treaty Developments the Impact of the New OECD Model Treaty and Current US Treaty Policy

Financial Times Conference Organisation

Tel: 071-814 9770. Th. 273-17 FTCONF G.

102-168 Clerkenwell Road, London ECIM 58A

THEFT TAX CONFERENCE

Please send me conference details Please send me details about

exhibiting at the conference

Name Mr/Mrs/Ms/Other Position

Fax: 071-873 3975/3969

Company/Organisation Address Type of Business

FINANCIAL TIMES CONFERENCES

Mainprice Durkacz & Co. a leading firm of VAT consultants in the UK. VAT Clearing House Limited & Mainprice Durkacz & Co partners have, in recent years, recovered in excess of £20 million for clients, which include banks, multipationals. insurance companies, pension funds, and professional associations.

No up front charges and our fees

are only payable on success

VAT Clearing House Limited

provides a comprehensive service for

VAT refunds on business expenses in

ALL countries in the EC. Our staff is

VAT Clearing House Limited

is fully backed by the expertise of

multilingual.

facilities) and write or fax now to: Freddy Vos. General Manager, VAT Clearing House Limited, 80 Ebury Street, London SW1W 9QD. Fax 44 (0)71 730 8706, Tel 730 8705,

"With each to wated, albjoring VAT where apple able

Compare our charges with what you are

presently paying (or the cost of in-house

The network expands

INTERNATIONAL double ties. The OECD recently taxation has long been identified as an inhibition to international trade and investment. It arises when two countries each assert their taxing authority over the same source of income or capital gains.

24.5 E 3

ů.

Although international tax treaties have been around for over 100 years, it is only since the Second World War that they have grown in numbers and aignificance. There are now more than 1,200 treaties dealing with taxation.

Tax treaty networks bave developed around patterns of trade and investment. Not surprisingly, therefore, the most dense network of treatles is among OECD members. Treaties between former colonial powers such as the UK and France and their former colonies are also ootable networks.

Within the European Community, the treaty network is almost complete. Only Greece, Portugal and Spain do not have income tax treaties with all other member states. The European Commission, bowever, has encouraged the completion of the intra-EC network to assist in eliminating fiscal barriers to cross-border trade and Investment.

The vast majority of treatles deal with income tax and capital gains and are patterned on the models prepared by the OECD fiscal committee. There are a number of more limited treaties dealing with shipping and air transport income. These are usually found between countries where double taxation is not an important issue generally because of the limited way in which each country levies its taxes on local source income only.

Since, with two exceptions, all tax treaties are bilateral, there are variations and anomalles between tax treaties of which multi-national businesses and investors bave sought to take advantage.

This treaty shopping has been exacerbated in relation to countries such as the US which, in spite of its size and importance in the world economy, has a relatively limited treaty network. It currently only has about 40 income tax treaties compared with, for

released a revised model treaty to replace its earlier versions released in 1963 and 1977. The new OECD Model Convention

- and tax authorities generally - have sought to impose limitations on what is regarded as permissible use of tax treatles, particularly by persons who the authorities believe were not intended to benefit

The US has led the way in seeking to impose so-called limitation of benefits provi-sions in order to exclude residents of third countries from benefiting from particular trea-

This has given rise to eoormous technical difficulties in drafting the rules and particu-larly in taking into account the recommendations of the OECD that limitations of benefits

A new income tax treaty just

Apart from Dutch individual residents and non-profit organ-isations, Dutch resident companies may qualify if they fall

seeking to eliminate tax in the

In the European Community, where only Greece, Portugal and Spain do not have income tax treaties with all other membars, the Commission has encouraged the completion of the internal network

clauses should be restricted so as to exclude bona fide economic activities that may unintentionally be covered by

Limitation of benefits clauses have also caused conaiderable difficulty for countries such as the Netherlands who have sought to encourage multi-nationals to use it as a base location for international operations and financing in particular.

It has therefore facilitated the use of its tax treaty network by companies based outside the Netherlands.

In the EC, this issue is further complicated by the interaction between Community law prohibiting discrimination on the grounds of nationality under the Treaty of Rome and such limitation of henefits

Many experts hold that member states are not entitled to enter into treaties that discriminate against EC nationals, whether they are individuals or companies. This area of EC law is in its earliest stages of development and the outcome

signed between the Netherlands and the US contains an extensive limitation of benefits article along with a memorandum of understanding requir-ing claimants under the treaty to demonstrate their entitle-

ment to its benefits. within one of seven different

While the clause may deter the most aggressive treaty shopper, it will also add significantly to the compliance costs of bona fide taxpayers seeking to benefit from the treaty.

The OECD Model Treaties and those following it have approached the avoidance of donble taxation largely by

country of source of income. The country of residence of the taxpayer has retained the right to levy taxes on foreign income earned by their residents. This largely favours capital exporting countries and as a result many developing countries have questioned the value of

Treaty networks hetween developing countries are the thinnest. In addition, the UN Model Convention has attempted to shift the balance in favour of countries where income is generated.

Some developing countries have recently succeeded in concluding treaties which permit them to tax the activities of foreign investors more extensively. They leave the country of residence to rely on foreign tax credits to eliminate double taxation.

These successes have typically been in the area of more expansive definitions of permanent establishment and entitlement of developing countries to impose withholding taxes on payments for technical assistance and related services.

services would not be taxed in the country of source of the

Although the avoidance of double taxation was the original purpose of tax treaties, the prevention of tax evasion bas become an increasingly important issue. The internationalisation of economic relations has caused growing interest in the reciprocal supply of information between countries on the basis of which domestic tax laws are administered This is the case even if the application of a treaty is not in question. Exchange of information falls

into three categories:

routine exchanges such as the details of interest dividend or royalty payment;

 apontaneous exchanges
 where tax authorities of one state believe that the authorities in another state may be interested in a particular piece of information; exchanges on request.

Tax administrations keep their cards close to their chests in relation to this issue and little is made public about the amounts and nature of such collaboration. In most countries, taxpayers

do not know when information is being exchanged and typi-cally no opportunity is provided to correct information erroneously given. In some countries, such as

Germany, taxpayers must be advised when information is exchanged, bowever. Other programmes are well publicised such as the US-Canadian joint andit programme where simultaneous investigations are conducted by both the Internal Revenue Service and Revenue Canada.

Some treaties provide for mutual assistance in the field of tax collection. These are unusual, bowever, and are limited in their scope. Within the EC, a Directive

on exchange of information sets out extensively the rules for this process covering all fields of taxation. The only other multilateral

attempt at such collaboration is to be found in the OECD/ Counci of Europe Convention for Mutual Administrative Assistance.

This provides for extensive

%

\$

 \mathbf{x}

%

\$

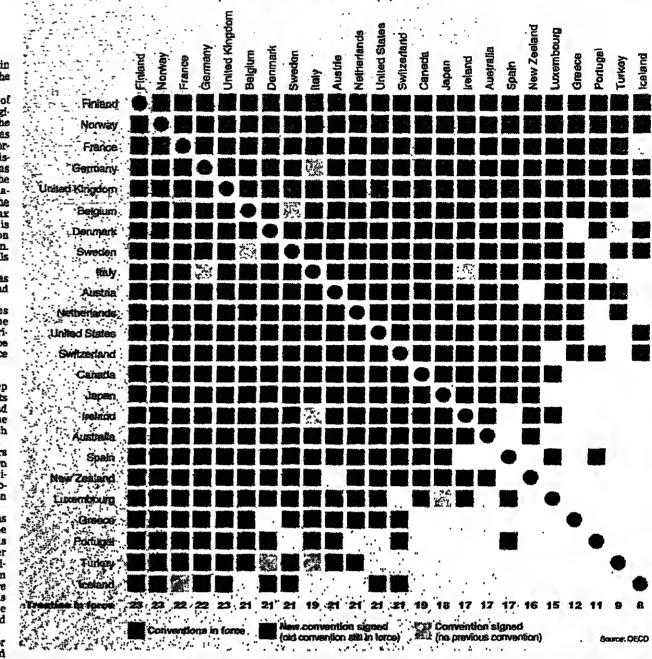
æ

X

%

\$

Network of tax conventions between OECD countries as of 1/1/92



exchanging information but in pursuing tax claims on behalf of treaty partners.

Although it has been ratified by the DS, other major indus-trial countries such as the UK and Germany have indicated they will not ratify the Convention and it has thus far not entered into force.

As the international tax treaty network matures, it is likely that more and more attention will he focused on

antborities in not only double taxation of income and capital gains. One by-product of the process is clearly that scope for abuse of tax treaties will become more limited. Companies involved in interna-

> not engage in aggressive tax planning. Jonathan S Schwarz is a partner of Paisner & Co., city solicitors, and Editor of the FT

tional business will need to

pay more attention to ensuring that they can fall within tax

treaty rules, even if they do

Smith & Partners International Tax Counsel

- Do you have a strategy for tax minimisation?
- Are you getting truly independent tax advice?

HYBRIDS, SPLIT LOANS, MIXERS, QUIS

If these terms sound familiar, you are probably well ahead of the field and already taking advantage of the international tax planning options available for your business.

If not, and you would like to know more about these and other tax planning opportunities, we can offer you practical help based on experience and plenty of ideas.

We will guide you through the jargon and advise on the best terms available for you and your business.

BDO Binder is represented by offices in 64 countries around the world. We are strategically positioned to advise clients on all aspects of international taxation.

For further information contact Adrian Dicker, International Tax Group Tel: 071-489 6092



20 Old Bailey, London EC4M 7BH Telephone: 071-489 9000

poking for international tax opportunities

king for international tax opportunities with Ernst & Young.

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment but

reducing your international tax liability, there is no substitute for rienced eye. Ernst & Young is one of the world's two largest tax advisers offerine that sharp-eved experience in 109 countries

local legislation and practice. Combined with our international tax

To lind out how our swift, sure-looted advice can help you, contact John Fairley, Ernst & Young, Rolls House, 7 Rolls Buildings, Fence Lane, London EC4A 1NH. Telephone: 071-931 2294.

II ERNST & YOUNG

100%

Finance subsidieries

In search of benefits

is one of the key features of the increasing internationalisation

of business Citizens of EC states can work anywhere in the Community and this privilege is likely to be extended shortly to citi-

zens of Efta countries. While immigration and work permit barriers may be falling, the tax impediments and cost of transferring senior employees from home may be significant. Executives expect at least to be no worse off financially if they work in other countries than if they stay at home. In many cases, they expect finan-cial rewards for the disruption to their personal lives.

Virtually all industrialised countries tax residents on their worldwide income. Ceasing to be resident in a country usually involves remaining physically outside the country and severing all ties for a significant period of time. It is therefore only feasible for medium and long term postings.

In the case of executives required to spend parts of a year in a particular country, most double tax treaties following the OECD Model will absolve the executive from tax outside his home base if he or she spends less than 183 days a year in a country performing services and if the cost of employing the executive is not borne by a local company or permanent establishment

Separate rules are, however provided for company directors which cause them to be taxed oo directors' fees paid by local companies even if they are not resident where the company is situated. Special rules are also provided for those in the shipping and airline industries.

straightforward situations give rise to problems as a result of anomalies hetween countries. For example, the UK excludes the day of arrival and departure in determining whether visitors are physically present in the UK. The US. on the other hand, includes the days of arrival and departure.

Other issues w ich affect executives are differences in tax year ends as well as admin-Istrative costs in filing tax returns or claiming refunds where tax is withheld at source. Those may be expensive and time-consuming.

Longer term moves by executives are accompanied by salary adjustments to take into account not only tax differentials hut also other cost of living adjustments. The tax are graphically illustrated in

monly effected by either tax equalisation or tax protection

Under tax equalisation, the employee pays no more income stayed home. The company meets any additional tax cost if the individual is posted to a higher tax country and the company may make savings if the posting is to a lower tax

Tax protection involves the company agreeing to meet any additional costs of income tax if higher than the home country level. Any savings because of posting to a lower tax country are retained by the execu-

Executives expect at least to be no worse off abroad than at home

A number of countries seek to attract international and regional headquarters operations with tax incentive packages designed to attract foreign executives on a tempo rary basis. The UK and Ireland. for example, tax resident but not domiciled individuals on local source income and gains. Foreign income and gains are taxed only when remitted.

Belgium and the Netherlands also have attractive regimes for temporary foreign residents which exempt them from tax on foreign investment income and capital gains. In the Netherlands, such executives are also entitled to a 35 per cent tax deduction from salary subject to Dutch tax

Executive incentive packages also give rise to challenges in an international context. Most packages are designed with the tax rules of the executives' home base in mind, and are often difficult to duplicate with precision. An area of increasing importance in this regard is in relation to pension bene-

fits and employee share plans. The tax treatment of pension provisions varies from country to country. The tax deductibility of pension contributions by the employee and the taxation of investment income by the pension fund itself depend in part on whether the fund and the executive are both resident in the same country.

Where mobile executives retire outside their country of employment, additional issues

recently brought before the European Court of Justice.

Mr Bachmann, a German national, had commenced pay-ments on insurance policies agains sickness and disability as well as life insurance while resident in Germany. Having moved to Belgium to work, the Belgian tax authorities refused deductions of these premiums.

The Belgian income tax code permits deduction of insurance premiums agains professional ncome in computing taxable income. However, they are only deductible if paid to mutual companies recognised in Belgium and no foreign companies have ever been recognised. In the case of retirement and death related insurance. premiums had to be paid in

The European Court recognised that the Belgian tax legislation contravened the Treaty of Rome rules dealing with freedom of movement of workers and freedom to provide services.

Contrary to the opinion of the Advocate General, however, the Court concluded that the non-deductibility of the premium was necessary to compensate the state for nontaxability of the pension

In other cases, tha foreign engion fund may not be recognised as a tax exempt savings vehicle and tha employee may be taxed on income cumulated in the fund on amounts related to his or her contributions.

Social security contributions constitute a significant cost and the mobile executive may suffer mismatches of contribulems are eased by international

For example, the UK/US social security agreement per-mits US employees to remain hable to US social security contributions only for assignt of up to five years and vice versa for UK executives in the

Within the EC, the rules are

complex. In general, social eccurity contributions are applicable in the country where the person is employed even if he lives in a different member state. Temporary transfers for periods up to one year normally enable employ-ees to remain under the social security rules of the home state. However, the EC regulation on social security schemes cognises the application of bilateral agreements in severa es between member states, as well as recognising circum-stances where individuals may be subject to social security payments in two members

ates simultaneously. The complexities and costs often lead companies to contrive base locations for some or all of their expatriate execu-

Although the taxation of sinesses has been identified as an area for harmonisation within the EC, the taxation commissioner, Mrs Christiane Scrivener, has made it clear that personal tax harmonisation is not on the Commission's agenda. Detailed planning of multinational remuneration packages will continue to be a require for many years to come.

Andrew Bolger inspects the anatomy of an Anglo-Dutch deal

Overlapping umbrellas

Combined group structure

Operating subsidiaries

THE TAX benefits of a large international deal are seldom quantified directly, so the merger between Reed Interna-tional of the UK and Reed Elsevier of the Netherlands was an interesting exception.

The merged group, which with a market value of about

26hn is one of the world's big-gest publishers, said the merger would cut its effective tax rate by up to one percentage point a year. Given that the combined companies made estimated pre-tax profits of \$424m last year, that is not an insignificant saving.

Two of the people most involved in structuring tax aspects of the deal were William Harrison-Cripps and Nicholas Hughes, both part-ners in Price Waterhouse, although both emphasised that by the clients. Harrison-Cripps, head of

European M&A tax services, "I think what we ended up with - which is pretty well that we out to them on the back of a fag-packet — is a long way different from what they had in mind at the very early stages, but that is fairly normal -

He added: "What we were talking about was what would he the ideal commercial structure, if we could achieve it fiscally. Tax must never drive it." The merger, which took

effect on January 1, was on a 50-50 basis, without any premium or cash payment to either set of shareholders, and both Reed and Elsevier kept separate stock market listings. Reed was granted a 5.8 per cent.

cross-holding in Elsevier, to reflect the UK group's larger capitalisation.

Although Anglo-Dutch mergers are inevitably compared with early link-ups such as Unflever and Royal Dutch/ Shell, Harrison-Cripps said: "I specifically told them that they did not have to live only with a Shell-type structure. If we had been putting together Shell today, we would have done it differently

Harrison-Cripps strongly opposed the parallel company structure with two parallel operational streams, and com-plex mirror boards. He said: "Over time - and this is noth-ing to do with tax - you are looking at how quickly you can bring together and harmonise the two structures. The perception of working for the umbrella organisation is quite a powerful thing, and not to be

assed over lightly." Hughes said: "You can look at the Reed/Elsevier structure and show it is not totally dissimilar from the Royal Dutch/ Shell and the Unilever structures, but better bécause there is more flexibility on how you can set the dividends and you've got a company in the middle that gives strong operational control, and you can still get the money tax-efficiently to

Close examination of the combined group's structure illustrates two of the deal's most important features; oper-

ating eubsidiaries will be grouped under a UK holding company, Reed Elsevier, while finance subsidiaries come under Elsevier Reed Finance, a Dutch company which emova the continental European freedom to put money into a tax

5.8%

est on it. Harrison-Cripps said: "It is not some underhand trick to deprive the UK Exchequer actually, quite the contrary: we could have had the choice bringing nothing to the UK Exchequer, because the whole lot was destined to go to an

haven and earn tax-free inter-

overseas country. "Our task had to be to set something up and convince people that it was right and still proper for us to have a UK holding company and still allow the group as a whole to have these benefits which we would have had anyway if we had set it up as a Dutch holding company. In other words, to put us as a country on an

equal footing." Other notable features are that the values of tha two groups were equalised without the use of cash, without any capital gains tax being due, and money can be remitted to Dutch shareholders without incurring any Advanced Corporation Tax. Hughes said: "If we couldn't have solved these problems, then the deal would not have hannened."

Price Waterhouse worked on the tax problems with Fresh-

fields and Linklaters, legal advisers to Reed and Elsevier respectively, and their merchant bankers, SG Warburg and Swigs Bank.

Harrison-Cripps said. "The most interesting thing for us was our early involvement in the transaction. What all of us had been trying to defeat, which had been fairly traditional in the accountancy profession, was that you learned about something in the press - and then you might be lucky to get a crumb or two from the table."

Even having achieved that, Hughes said the question of who was in control was always an issue when a team was involved. "We can work effectively in a corporate team with other players, such as Fresh-fields. The competitive element is that the lawyers might say that they can do all of the work, including the tax, but they don't have same international representation.

The merger cost hetween £30m and £35m in advisers' and listings fees, reflecting the fact that the enlarged group operates in 43 countries.

Harrison-Cripps is in no doubt that his team's tax work was worth "an infinite amount" to Reed and Elsevier, relative to Price Waterhouse's fee of less than £2m. "They will have had a payback within a month or so, in terms of the tax saving and the fact that the merged group works."

Services

luitmationa



PAISNERACO Solicitors

tax services for the international business

FOR FURTHER OFTAILS ON PAISNER & CO'S TAX SERVICES. PLEASE CONTACT SITHER:

CORPORATE AND INTERNATIONAL TAXES

David Cohen

SHARE SCHEMES AND EMPLOYEE INCENTIVES

INTERNATIONAL PRACTICE AREAS

banking Asset finance & Leasii CORPORATE FINANCE

LEISURE RETAILING & FRANCHISI

CONTACT:

PAISNEN & CO. BOUVERIE HOUSE, 154 FLEET STREET, LONDON EC4A 2DQ TEL: 071 353 0399 FAX: 071 553 6621



Harold Paisner, Senior Pariner

TAX SERVICES INTERNATIONAL

- Interim tax management - Specialized executive search

Experienced international tax consultants provide you with in-house tailormade tax assistance and executive search.

> For further information and introduction, please contact Abraham Mooy. tel. 32(0)10 411635 fax. 32(0)10 411892

Knowledge is all

Computer data bases open new horizons

THE ability of computers to store and permit the rapid retrieval of extensive amounts of information makes them ideal for gathering tax infor-

Even companies and their advisers who are engaged in purely domestic activities have a never-ending struggle to keep up with new develop-

In the UK, for example, tax experts have to cope with an annual Finance Act of more than 100 pages, High Court decisions running to bundreds of pages, and more than 100 press releases and assorted ents each year.

The amount of information to be dealt with multiplies by the number of countries concerned. In addition, the interaction between tax systems requires careful analysis.

The vast majority of com-puter systems used by tax advisors are essentially databases. A number of companies such as Lexis operate substan-tial legal databases on line. Although their focus is domestic, they do give tax researchers access to material from a number of countries.

In addition, countries' spe-cific tax databases are available to aid in research. Most on-line databases need skilled researchers to extract the information efficiently.

The charges for access to the databases ensure that their

use is frequently limited to cataloguing materials such as judicial decisions on a particular point.

The cost of retrieving a full text is often prohibitive. As a result, tax advisers still need to rely on hard copy.

In reaction to this, a number of publishers, particularly in North America, such as CCH,

Prentice Hall and others now offer tax databases on compact disks with read-only memories (CD-ROM).

These are usually electronic

Smith & Partners

International Tax Counsel

International Tax for International Business

Head office, Parkiaan 1, 3016 BA Rotterdam, The Netherlands Telephone: (+31) 10 436 51 44 Telefax: (+31) 10 436 21 62

SIMPSON PROUD International Tex Socialists
Tax effective solutions via offshore entities, tex
treaties and proven protective sechanisms:

Ownership structores for UK & foreign property

EC VAT planning & registrations for offshore

. Fre & post 15 March 1993 planning for UK non-

. Post Finance Act 1991 offshore trust planning

For prompt positive advice and an initial FRMS appraisal contact Geoffrey Simpson, FCA, FTII on 0689 860028 (or fax 0689 856381/phone 0689 853482

. Dual residence & domicile planning

Barry Larking/John Linders

tions. On-line databases are often, therefore, used as support to provide for the most up-to-date information only. Such systems offer speed of access, ease of updating and mobility when combined with

portable computers. In the international arena, choices are more limited. The only source entirely devoted to international issues is the International Bureau of Fiscal Documentation, the non-profit publishing affiliate of the International Fiscal Association. It maintains CD-ROM databases on European and

Despite the electronic revolution the human element is still vital

Latin American taxation, as well as one providing the full text in English of double tax treaties. These are supplemented by an on-line data ser-

Once the tax adviser has extracted the relevant information, its evaluation, interrelation and application is largely left in the hands of the adviser. The development of tax programs that actually use the data to assist in planning decisions has been slow.

For several years, domestic tax programs have been available to assist planners manipulate data with what are effec tively spreadsheet applications. Typically, tax computations are made and planning may be done through "what if" analysis.

Two forays into computerised international tax planning have been by major accounting firms KPMG and Price Waterhouse in the field of expatriate taxation. The KPMG Peat Marwick "EXPA-TRIATE" program calculates tax and social security for pro-posed employee assignments

overseas. It covers 40 comtries, 26 Swiss cantons, the Canadian provinces and territories, five American states plus a generic American state for locations not on the sys-

The Price Waterhouse "IAMF" program also calculates the cost of sending employees to particular locations. Its system covers 51 countries, plus American states and Canadian provinces, as well as some Swiss cantons. Both systems are available under licence.

The only corporate international tax planning program that is available by licence is "COMTAX" produced by Comtax AB. Again, the combina-tion of database and spreadsheet evaluates the effect of transferring earnings from one country to another within a multinational group on the total after tax profits of the

These planning programs help to generate possibilities that tax advisors or managers might not immediately think of, or eliminate possibilities that are simply unworkable. They also help to calculate the impact of taxes on existing corporate structures and suggest possibilities for reorganisation. They may make it easier to decide which company in n multinational group should be the vehicle for making an acquisition or for post-

acquisition restructuring. None of these systems can make judgments as to whether particular tax rules are applicable or not. They merely calculate the result.

Even though they are becoming indispensable in dealing with international tax problems, the human touch is still required and traditional logal skills are necessary.

Jonathan S. Schwarz

Client We are a 250 lawyer full-service law firm. Our International Tax Group offers

International Acquisitions, Mergers and Joint

a complete range of services to multinational businesses in areas that include:

Transfer Pricing

 U.S. and Eurodollar Financings International Licensing and Technology Transfers

Insurance and Reinsurance Matters

Litigation

• International Estate Planning

Sutherland, Asbill & Brennan

EN ATLANTA 999 Penchiroc Street, NE Atlanta, Georgia 30309-3996 (404) 853-8000 Contact: Jerome B. Libin in Washington at 202/383-0145

IN NEW YORK 1270 Avenue of the American New York, New York 10020-1700

IN WASHINGTON 1275 Pennsylvania Avenue, NW on, D.C. 20004-2404

WORLD TAX REPORT

World Tax report is the comprehensive monthly briefing on key tax developments in Europe and throughout the world, it provides timely. concise information and analysis, through its own worldwide network of tax specialists and the international resources of the Financial Times. It is therefore able to cover not only major industrialised countries, but

developing nations as well. World Tax report delivers early warning of expected tax changes, analysis of legislation and judicial decisions, as well as tax treaties that affect international business and

Recent issues of World Tax Report have focused on: I harmonisation of corporate taxes

the European Community ■ United States moves to attack tax minimisation techniques used by & investment incentives in several Far Best Countries

and VAT affecting business within

Il anti-avoidance legislation in several countries relating to controlled foreign companies and offshore funds.

World Tax report is read by finance directors and chief financial officers. investment and merchant bankers, legal and accountancy tax advisors, corporate treasurers and conjunercial bankers.

WORLD ACCOUNTING REPORT

with developments worldwide.

World Accounting Report focuses on the latest and most important events around the world - continenting on and analysing the most

Business Information to keep you up to date with authoritative and timely taxation and accounting news from around the world

FINANCIAL TIMES NEWSLETTERS FOR A FREE Sample copy and further information contact

Judith Harris, Financial Times Newsletters

126 Jermyn Street, London SW1Y 4UJ.

Two monthly newsletters published by Financial Times

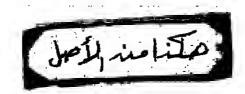
Financial markets today are international, it is vital to keep in touch

I changes in financial reporting requirements and trends in iurisdictions other than their own

I techniques for dealing with accounting/management problems

I the accountancy profession in individual countries by way of indepth surveys.

Fax: +44 71 411 4415. Tel; +44 71 411 4414, you abress of the most important ncial reporting. Generated by a worldwide network of correspondents and edited by professional accountants, the newsletter is read by accountancy/sudit practices and corporate preparers with cross-border operations, investment analysts, bankers and professional accountancy bodies.



Brushing off the welcome mat

Inn's head of marketing. tells the story of an apprehensive American woman who arrives in Beijing, sees a building with a Holiday Inn sign on It

高速制度 多拉二二

N 2 ...

and weeps with relief.

There are other stories, such as the couple, travelling through the US some years ago, who entered a Holiday Inn and left minutes later, appalled by the squalor.

Lewis does not deny such things have happened. Holiday Inn accepts that by the end of the 1980s standards at some of its US hotels had deteriorated, damaging the compaov'e reputation.

When Holiday Inn began in 1952 its aim was to spare travellers unpleasant surprises. Kemmons Wilson, its founder, built the first Holiday inn in Memphis, Tennessee, after despairing of the poor quality of US hotels.

When Bass, the UK brewing and leisure group, bought Holiday Inn in 1990, its priority was to restore the company's good name, probably the world's best-known hotel hrand. The company owns an edvanced computerised hooking eystem, which it values at \$250m (£177m). But unlike some hotel companies, Holiday Inn has not been e big investor in property assets. The company owns only 104 of the more

hen Peter Boizot brought anthentic Italian pizza to Britain in the mid-1960s

some early customers suggested he pnt chips on the Pizza Express

menu. Others mistook the oregano

But Bolzot stood firm and ulti-

mately his recipe for high-quality pizzerias proved e classic market-

ing success, From a single Soho res-

taurant in 1965 the Pizza Express

chain has grown to include 68 com-

pany-owned and franchised restan-

Alan Cole, chief executive of Transport Development Group.

is on the lookout for what will

be the fourth finance director

he has worked with since he

stepped into the boss's seat

just over two years ago.
Paul Kilduff, who joined from National Westminster

last August, has just resigned

"by mutual agreement". While Cole will not admit that there

was a personality clash, he

says "it didn't work out. We

both agreed we had made the

wrong choice." Asked what

Kilduff had done since he arrived, he edded "he has not

had time to do a lot".

than 1,700 Holiday Inns worldwide It manages some others, but most are run by franchisees. The Holiday Inn brand is the company's most

important asset. 'A brand describes a set of expectations," Lewis says. "How you deliver against those expectations is the strength of your brand. Anyone can get a customer in the door the first time. But the way you build a business is by getting them back."
The first challenge was to raise the standards of its hotels, about 90 per cent of which are in the US, to ensure customer expectations of a reliable service were met.

Bryan Langton, Holiday Inn chairman since the Bass takeover, says the company needed a sense of urgency. He found 2,450 staff at the company's headquarters in Memphis, many under-employed. "You could have had a heart attack and died at your desk and you wouldn't have been discovered for a couple of weeks," he says. He moved the headquarters to Atlanta, reducing staff to just over 1.000.

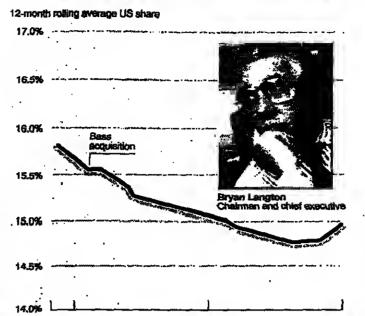
Michael Leven, the executive charged with raising the franchised hotels' standards, is ideally suited to the task, having once heen thrown out of the Holiday Inn system after e disagreement over spending on upgrading. Holiday Inn later hired him as president of its franchise division. He believes the brand pulls in customers. Neverthe less, when he came to Holiday Inn the first thing that struck him was the lethargy. "The franchise divi-sion was living on past glories," he

Inspection of franchised Holiday Inns has been increased from once to twice a year. In his first year, Leven deprived 75 Holiday Inns of their franchises. Last year, 30 were thrown ont. Leveo expects this year's number to be 75.

He closed down the Holiday Inn training "university" in Mississippi, replacing it with smaller courses at the Atlanta headquarters. By the end of 1994, all the US hotels will have facilities to do their training on their own premises. A group of 32 trainers, dubbed "Roads Scholars", travel to the hotels. However, they will soon be replaced by 42 trainers, known as Area Service Delivery Consultants.

The second challenge facing Holiday Inn is to protect and expand its position in the crowded, mediumpriced market. In the 1950s, there were two medium-priced hotel chains, Holiday Inn and Howard Johnson. By the 1980s, they had heen joined by chains such as Renaissance, Clarion, Ramede,

Holiday inn share of hotel chain rooms sold



Quality and Courtyard. Holiday Inn's previous managers had created two new hrands, Embassy Suites and the budget Hampton Inn chain. Under Bass, the company has decided to keep the Holiday Inn name, using oubbrands to expand its share of the

In the US, in addition to its standard hotels, the company has set m Holiday Inn Express hotels which are pitched at the chesper end of the middle market, in Europe and South Africa, Holiday Inn Garden Court hotels aim to draw in a more budget-conscious market.

Above its etandard hotels, the company has the more up-market Holiday inn Crowne Plaza hotels, a

agement. Langton sees the Crowne Plazas as the solution to another problem: the difference in quality between Holiday Inn's hotels in the US and in Europe, where they are considerably smarter.

The absence of a uniform stan-dard is a weakness at a time of increasing international travel. All the large hotel groups try to per-suade their US customers to use their hotels when they travel. Langton argues Crowne Plazas offer a worldwide standard.

Managers in competing companies say the rehabilitation of the Holiday Inn name has some way to go. The Crowne Plaza hotels are seen as particularly vulnerable to competition from more expensive

passions include Venice, hockey and jazz, all of which have become associated with the group. More

than £300,000 has been donated to

the Venice in Peril appeal fund

from e 25p surcharge on Pizza

Veneziana. It might be tempting for Pizza Express's new management to try to squeeze a few more margin points out of the business by scaling down some of these activities, or tinkering with the formula.

Bnt Pege, Luke Johnson and Hugh Osmond, who pnt the Star Computer deal together, insist there are no plans for change. "It has been successful because it is authentic," says Page.

Paul Taylor

The high cost of creativity By Gary Mead

ompanies are paying through the nose for the consultancy, creative and production skills involved in UK newspaper and magazine

That has long been suspected; now there is supporting evidence, according to collaborative research conducted by the Incorporated Society of British Advertisers, in conjunction with Advertising Research Marketing. a marketing communications company applying fixed-cost

The results make grim reading. Why, for example, should one advertiser have paid production costs of £4,115 and a different advertiser £80,000, both for a four-colour donble-page spread advertisement? Even allowing for variation in epecifications. such as photography, there is no strong reason for the anomaly.

The report reveals many instances of agencies seeking to augment profits by loading inadequately invoiced costs on to the production stage of the press advertising process.

Such costs are not those incurred in huying media epace; they are the simple and easily accountable costs involved in producing the creative concept the artwork, photography and so forth.

A recently privatised national public utility received e bill for £17,000 for the production work on a newspaper advertisement; another advertisement for the same utility, which reproduced the same images as its earlier ad with slight changes to the copy, was billed et £41,000. Such findings are bound to

generate considerable controversy mong advertising agencies, which are continuing to feel the pinch in the current recession. The Institute of Practitioners in Advertising revealed at the end of January that in 1992 another ,000 jobs had been lost among IPA members based in London

Moreover, a new book to be published in March - Industrial Marketing Communications - indicates the proportion of industrial and business-to husiness advertisers dispensing with the services of an advertising agency has increased from 9 per

cent in 1977 to 20 per cent today. Advertising agencies ere increasingly losing out to direct mail and public relations activities.

The ISBA/ARM research suggests that press advertising in the UK is subject to "generally poor costing standards" and that there are "very widespread and fundamental inadequacies in the standard of management controls and procedures throughout the estimating and invoicing path".

John Orsmond, chairman of ARM, says: "Until agencies abandon variable-cost practices, they will never achieve the transparency and costing stability their clients are now demanding." One area of complete opacity in the production of press advertising is that of consultancy charges. One advertiser was charged £52,000 for "the thinking that lay behind" the pan-European concept of the advertisement in

When it came to invoicing for the creative aspect of the production process, 91 per cent of those surveyed had no idea how the figure they were charged was arrived at by their agency. In the recession the finance director has regained status

explanations of large bills without clear, item-by-item involcing. Following the lead set by the ISBA, which published its own guide to best practice in dealing with edvertising agencies in 1992, the IPA has just issued its own guidance note on best practice in the selection of an advertising

viz-a viz the marketing boss:

advertisers are demanding

Among the advice aimed at advertisers considering how best to select from the many excellent advertising agencies on the IPA roster, though, there is nothing about how to tell from invoices if the agency work is above or below what might be considered e reasonable market rate.

*Available from ARM, 1 McCrone Mews, Hampstead, London NW3 5BG. Free; handling charge of £25. ** Industrial Marketing Communications, by Norman Hart, The Yard, Culverden Park Road, Tunbridge Wells, Kent TN4 9QX. Price £16.95.

Anyone for pizza?

reverse takeover by the publicly moted Star Computer group worth

Mintel, the independent market researchers, said in e report last eutumn that since 1987 the size of the pizza/pasta market in the UK has more than doubled to an estimated £694m last year.

Why Paul Kilduff has left TDG

had spent just 10 months as

head of group strategy. The

same firm of headhunters is

now looking for his replace-ment. Previously, Kilduff had

been finance director of Sealink for three years, before it was taken over by Stena; the Swedes brought in their own

team, though sources close to

Kilduff indicate he parted on

very generous terms. Before

Sealink the Peat Marwick-

trained chartered accountant

had been at Lonrho as finance

director of Metropole Group between 1985 and 1987. Earlier

PEOPLE

Kilduff, 39, had been head-hunted from NetWest where he year as chief financial execu-

rants which generated £1.5m in Britain's most popular pizza chain despite spending little on advertisoperating profits on turnover of £16.3m last year and sold 6.5m pizing. Instead it has relied on its pre-Today its shares will begin traddominantly upmarket, loyal customers to spread the word. ing on the stock exchange for the first time following e complex

look-alike rivals including Pizza Hut, the market leader in terms of outlets, PizzaLand and Deep Pan Pizza. So what is the secret?

David Page, who ran the largest group of franchised Pizza Express restaurants and is managing director of the new publicly quoted group, believes the success is due Pizze Express has become to Boizot's refusal to compromise

on quality or anthenticity. using real Italian pizza ovens which provide a very hot, dry heat. Along the way Pizza Express has The Pizza Express interiors have

all been designed by Enzo Apicelia to exploit the character of each individual building.

Similarly the menu has changed little in the last 28 years - even the introduction of cappucino coffee machines has been resisted and only genuine mozzarella cheese and Italian tomatoes are used. Robert Bird has been in charge of

food quality control for 14 years and the group runs e "secret eater For example, Boizot insisted on programme" designed to check everything from quality of food and service to the tiling in the toilets.

Departures

Bill Morrison, deputy senior partner of accountants KPMG

Peat Marwick has announced

that he is to leave the firm

Morrison, 55, insisted

et the end of September this

yesterday that his departure

was "completely amicable"

and that he was leaving "to

pursue an alternative career".

He would not say what that would be, but he will remain

question over his continuing in the role of chairman of the

Auditing Practices Board, the

UK's new standards-setting

body for auditors, when the current term comes up for renewal, but he says he would

a consultant to the firm.

His departure raises a

LEGAL NOTICES

Registered in England and Writes

MILTRY ENGINEERING LIMITED
(Company Number 1844723)

Principal place of business:
Registed Way, Specialwill industrial Entate,
Steveley, Chesterfield 543 315

NOTICE IS HEREBY GIVEN, puresent to
section 48(2) of the insolvency Act 1986, that a
morting of the suscenary decisions of the shows
mused company with the hald at 1 flast Parada,
Sandlied 51 28T on 1 blanch 1993 at 10:00 am
for the purpose of hering hald before it a copy of
the report prepared by the administrative
receivers states rection 48 of the said. Act. The
mosting may, if it thinks fit, establish a
companies to susmiss the functions conferred on
conditions to susmiss the functions conferred on
conditions to susmiss the functions conferred on

Dated: 12 Petrusy 1993 NOTICE OF APPOINTMENT OF

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS CENTEAL CAO LIMITED (IN ADMINISTRATIVE RECEIVERSITE) (IN ADMINISTRATIVE RECEIVERSITE) Registered Number: 01876061. Former Computy Names Kompway Limbed. Name of Basiness: Computer aided design of printed circuit boards. Oate of Appointment of Administrative Receivers: 10th February 1993. Name of Person Appointing the Administrative Receivers: 3i plc. Name of Appointment of Administrative Receivers: 3i plc. Name of Appointment Control of Computer Names (1995). Address of Appointment Control City Tower, 7 Hill Street, Birmingham B5 4LTU.

NOTICE OF APPOINTMENT OF

NOTICE OF APPOINTMENT OF
ADMINISTRATIVE RECEIVERS
CENTRAL CREQUITS (TELFORD)
LIMITED
(IN ADMINISTRATIVE RECEIVERSHIP)
Registarce Number: 01625530. Former
Company Mastrox Normphat Limited. Nature of
Business: Printed sireals board manufacturer.
Date of Appointment of Administrative
Receivers: 10th February 1993. Name of Payson
Appoints the Administrative Receivers: 33 ptc.
Name of Appointment Andrew Michael Messies
and James Kessenth Ross Jones. Office Unider
Numbers: 006655 and 004396. Address of
Appointmen: Contro City Tower, 7 Hill Street,
Biemingham BS 44RJ.

NOTICE OF APPOINTMENT OF STRATIVE RECEIVERS LIMITED

(IN ADMINISTRATIVE RECEIVERSHIY)
Registered Number: 01783303. Former
Company Numes: Pentgrapa Limited. Number
of Business: Printed circuit board manufacturer.
Dato of Appointment of Administrative
Receivers: 10th February 1973. Nume of Person Appointing the Administrative Recolvent: 31 plc.
Name of Appointings: Andrew Michael Menzica and Janes Kanneth Reco Jones. Office Holders: 1006005 and 004596. Address of Appointees: Control City Tower, 7 till Street, Birmingtom BS 4UU.

NOTICE OF A PPOINTMENT OF Administrative receivership

Regiment Number 01785297, Forum Company Number Kwingold Limited, Numer of Busecon: Printed circuit board manufactures, Date of Appointment of Administrative Receivers: 10th Appointment of Administrative Reserves 1997. Name of Pegron Appointing the Adelinistrative Receivers: 3i pic. Names of Appointment Andrew Michael Memoiss and laura Kenneth Ress Junes. Office Holder Nambers: 906053 and 904596. Address of Appointment Centre City Tower, 7 Hill Street, Biominghum B5 4JRI

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVER CENTRAL CINCUITS PROPERTY

(IN ADMINISTRATIVE RECEIVERSHIP) (IN ADMINISTRATIVE RECEIVERSHIP)
Regulated Number: 02: 37907, Former Company
Number: Westacape Limited, Nature of Starkense
transtanent property company. Date of
Appointment of Administration Receiverse 10th
February 1993, Name of Person Appointing the
Administrative Receiven: 31 ptc., Names of
Appointment, Andrew Michael Menuals and James
Kemeth Reus Jones, Office Holder Numbers;
006053 and 004396. Address of Appointment,
Canno City Tower, 7 t Hd Steeri,
Birmingham BS 4U3

PUBLIC NOTICE

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUB-SECTIONS 8(5) AND 10(5) OF THE

The Secretary of State hereby gives notice as follows.

Exercising of State hereby gives notice as follows.

He proposes to grant separata licences under the Telecommunications Act 1984 ("the Act") to Millicom Holdings (UK) Lid ("Millicom"), Scottish Power pic ("Scottish Power"), Scottish Hydro-Electric pic ("Scottish Hydro"), and Telecom Electric Limited ("Telecom Electric) to run telecommunication systems introughout the United Kingdown. In addition be proposes to grant a licence under the Act to City of London Telecommunications Limited ("COLT") to run telecommunication systems in London and its vicinity ("the Licensed Area"). Millicom, Scottish Power, Scottish Hydro, Telecom Electric and COLT are together referred to in this notice as "the Licensees". The licences will each be for a period of 25 years subject to earlier revocation in specified circumstances. In the case of Millicom, the Secretary of State published a notice on 11 August 1992 stating that he proposed to grant a licence under the Act, and he publishes this notice to invite further comments in view of certain changes to the proposed licence.

The principal effect of the licences will be to enable the Licensees to install and run telecommunication systems throughout the United Kingdom or the Licensed Area, as the case may be All the Licensees will be able to provide a full range of services, except for mobile radio services and certain international services. In addition, Millicom will be able to carry cable television services whereas the others will not. The licences authorise connection to a wide range of other systems and except for Millicom's licence, authorise connection to be arrived to mobile radio services whereas the others will not. The licences authorise connection to a wide range of other systems and except for Millicom's licence, authorise connection to earth orbiting apparatus allowing the provision by those so authorised of some types of international salellita service. On securing a share of 25% or more of the market in respect of particular services in an area specified by the Dire

(a) to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose:

arready installed for any purpose.

(b) to comply with conditions designed to ensure efficiency and economy on the part of the Licensess, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of their apparatus.

maintenance, repair or attenation of their apparatus.

(c) to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and, where appropriate, the Nature Conservancy Council, the National Trust and the National Trust for Scotland, as well as relevant public electricity suppliers;

(d) to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in each licence to the powers under the Code; and (e) to enumer that sufficient funds are available to most contain liabilities are including the conditions are contained to the conditions are contained to the conditions are available to most contain liabilities are included.

of the exceptions and conditions in each licence to the powers under the Code: and

(e) to ensure that sufficient funds are available to meet certain liabilities arising from the
execution of street works.

The reason why the Secretary of State proposes to apply the Code to the Licensees is that the
Licensees will need the statutory powers in the Code to install and maintain the telecommunication
systems which are to be installed and run under the proposed floences.

The reasons why it is proposed that the Code as epplied should have effect subject to the exceptions
and conditions referred to above are that they are considered requisite or expedient for the purpose
of securing that the physical environment is protected, that there is no greater damage to land than
necessary, that the systems are installed as safely and economically as possible, and that the
Licensees can meet (and relevant persons can enforce) habilities arising from the execution of works.
Representations of objections may be made in respect of any of the proposed ilcences, the
application of the Code to any of the Licensees and the proposed exceptions and conditions referred
to above. They should be made in writing by 19 March 1993 and addressed to the undersigned at the
Department of Trade and industry, Telecommunications and Posts Division, Room 2/156, 151
Buckingham Palace Road, London, SWIW 983. Copies of the proposed licences can freely be obtained
by writing to the Department or by calling 071 215 1756.

9, Department of Trade and industry

P J Kirby, Department of Trade and industry

LEGAL NOTICES

Notice of Approximent of Administrative Notice of Apprintment of Administrative Receivers PALEPLAN ENGINEERING LIMITED Registered combert 2644941. Tending name Pairplen Bagistered combert 2644941. Tending name Pairplen Bagistering. Trude classification: 23. Manne und address of Joint Administrative Of Students and A 3. Stunesp, Corpora & Lybrand, I Heat Panch, Shuffield 31 IRT. Office badder numbers: 2662 and 3562. Date of appointment & Pottury 1999, Name of appointment & Vestway 1999, Name of appointment & Vestway 1999. Students: Westwall Group Lieuted. ppomic Notes

ADMINISTRATIVE RECEIVER
CENTRAL CIRCUITS LEASING LIMITED CENTRAL CIRCLITS LEASING LIMITED (IN ADMINISTRATIVE RECEIVERSIEF)
Registered Number: 0175843. Forber Company
Names: Mildon Limited, Northern Circuita
(Manchester) Ltd. Nature of Busines: Lexing of
plant to group companies. Date of Appointment
of Administrative Receivers: Uth Petrusy 1993.
Name of Person Appointing the Administrative
Machines, 31 pls. Nature of Appointment Andrew
Michael Mempios and James Konneth Ress Jones.
Office Unider Numbers: 005013 and 004596.
Addition of Appointment Central City. Towar, 2

CONTRACTS & TENDERS

BRAZILIAN TRAINING SHIP NE "BRASIL" PUBLIC TENDER NR. 001/93

Notice is hereby given that the NE "BRASIL" - AMRJ with offices at: Ilha das Cobras, S/N- - Rio de Janeiro, Brazil, CEP 2009 I-000, is accepting tenders to choose a supplier for DRY AND FROZEN FOODS TO THE BRAZILIAN TRAINING SHIP DURING THE TRAINING CRUISE - 1993.

TENDERERS MUST HAVE A LEGAL REPRESENTATIVE IN BRAZIL. The latest date for submissions of qualifying documents and quotations is 15th March 1993 and the details of this Public Tender are available, at request, at the above address. For further information you may require, please contact:

NE "BRASIL" – AMRJ Fax: 010 55 21 253 6027/216 6668 Tel: 253 6027/216 6650 COMMISSION OF TENDER

Non-executive directors ■ Lord Moore of Lower Marsh, a former Conservative minister until 1989 and chairman of

Credit Suisse Asset Management, at BLUE CIRCLE Frank Knight, deputy chairman of Asda and Berisford, at LONDON INTERNATIONAL GROUP. ■ Michael Biackburn, recently retired chairman of Touche Ross, at JW SPEAR. Micholas Ward, group md of the Brent Walker Group and former chairman and chief executive of Macarthy, and Charles Goodson-Wickes MP, an occupational physician and PPS to the minister for housing and planning, at NESTOR-BNA from June 1. ■ James Meynell, a director of Watchname and Cardiac Controls Inc. at WESTMINSTER SCAFFOLDING GROUP.



The Earl of Limerick (above) has been given a licence to print money. The former mer-chant banker has taken over the chairmanship of De La Rue, the world's largest com-mercial printer of banknotes. Pat Limerick, 62, replaces Peter Orchard, chairman for

the past five years, who died suddenly last month. He has been on the De La Rue board number of other chairmansince 1983 and since a couple of ships including Pirelli UK and his colleagues - Sir Douglas Wass and Martin Harris are AMP Asset Management.

retiring this year - he was one of the most senior non-executive directors and a natural successor to Peter Orchard. De La Rue is also strengthen-

tive of Micro Focus at the time

Five months after Cole

became chief executive, David

Horner, who had been finance director since 1973, took early retirement at age 57. Stephen

Bodger, from ML Holdings, was

his successor, but last August

Bodger was put in charge of

TDG's tronhled French

operatione. Bodger, who

remains on the board, had

wanted a "managerial role",

according to Cole, who emphasises that the move constituted

"career enhancement".

of its stock market flotation.

ing its board. John Robh, Wellcome's 56-year-old chief executive, has been appointed a non-executive director and Robert Gardner, 56, managing director of De La Rue'e payment systems division, also joins the board. He came from Gestetner in July 1990.

interest in De La Rue again.

British Invisibles, he has a

Earl of Limerick is well plugged into the City - which could be useful if corporate predators were ever to show A chartered accountant hy training, he spent 20 years as a director of Kleinwort Benson rising to be deputy chairman. A former chairman of the British Overseas Trade Board and

be happy to continue. Morrison has been deputy senior partner since KPMG Peat Marwick McLintock was formed in 1987 after the merger between KMG Thomson McLintock, of which he was managing partner, and Peat Marwick Mitchell. He was also president of the Institute of Chartered

Accountants of Scotland in 1984-85, and has been visiting Despite his aristocratic back-ground, the Old Etonian sixth professor in accountancy at the University of Strathclyde ■ Barry Prichard has retired from SIDLAW GROUP because

he is moving to the Channel ■ Alex Gibson has left BETT BROTHERS. John O'Donnell has left the

APPLEYARD car dealership group. William Thomson has resigned from JESSUPS to

pursue alternative business

Nomura hires Ruland to head German team

Noniura, which last October closed its European equity market-making operations and sacked 50 people, hes hired Heino Ruland as head of its German equity research and marketing, a new post.

Japan's largest securities house denies any inconsistency in its strategy for the Continent, pointing out that Germany is its most important market in Europe after the UK and says that it will continue to provide and expand in areas which it thinks are profitable. Ruland, who will be based in London, lives in Frankfurt and spends a good proportion of his

Nomura's German resources currently two country analysts in Frankfurt together with the London based sector analysts. Since the events of last October, the latter look at industries very much on a pan-Euro-

pean basis. Unusually for a German financier, Ruland, who is just 36, has moved about in his 15 yeare in the securities business. He joined Dresdner Bank straight from school - later doing an economics degree at night school - but has also been at Bank in Liechtenstein,

time in Germany, will be Morgan Stanlay and Bank responsible for pulling together Julius Baer. Then, he had only been at Barings Securities as the co-head of its Frankfurt operations for ten months when the UK merchant bank decided to reorganise its activities in order to concentrate on southern Europe. Nomura says that his depth

of experience, his youth, and his "bicultural" approach, singled him out as the strongest candidate. His penchant for collecting classic Mercedes convertibles as well as for riding Harley Davidson Soft Tails presumably also distinguished him somewhat from the herd.



ne day, the chances are that if you are not a myope or a hyperope, you will become a preshyope. You may have dooe so

There is oothing to worry about, the terms do not denote welrd changes of appearance or behavlour. They define the main types of eyesight problem which require people to wear spectacles or contact lenses, either from childhood or, somewhat disconcertingly for those born with perfect vision, from the onset of their 40s.

Almost everybody needs lenses at some stage of their life - spectacles have a higger slice of the market than cootacts - and companies are striving to hring out new products that combine improved optical quality with greater elegance. These include new thinner and lighter plastics, special coatings and tints, and the hiending of varying optical strengths on the same lens to eliminate the hifocal effect.

Essilor, the French company which leads the world spectacle lens market, reckons that (excluding the statistically opaque eastern European region and China) one in five people wears a corrective lens. This means 700m pairs of lens-cov-

in the western industrialised countries, the proportion is much higher: some 60 per cent of people in North America have lenses, as do 40 per cent in western Europe, and 41 per cent in Japan. Half the lenses are sold to preshyopes - the grey-ing over-40s who find that a hardening of the eye'a crystalline lens

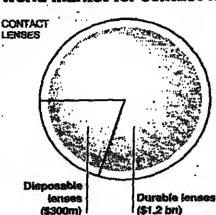
makes it harder to focus sharply. With a higher proportion of older people in the populations of devel-oped countries as the post-war "baby boom" generation ages, the demand for lenses to correct preshyopia will ohviously rise sharply. More than 90 per cent of those aged 45 and over in the US wear lenses, and over 70 per cent in other indus-

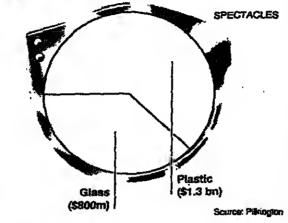
"The preshyopic is the fastest growing market," says Jacky Fré-mont, head of Essilor's UK operation. The other common types of lens wearer for which companies cater are myopes, who can see well at short distances hut poorly from afar, and hyperopes, with the oppo-site problem. In western Europe, there are oearly 60m myopes (including 5m in the UK alone) and more than 35m hyperopes (4m in

Whatever their vision problem and however serious it may be, most people do not just want to see better through their lenses. They also want to look better while wearing them. Much of the fashion effort goes into producing more elegant. colourful and stylish frames. But the appearance of the lens is also Wearers of spectacles and contact lenses want to look good as well as see better, writes Andrew Fisher

Sights set on wider horizons

World market for contact lenses and spectacles





important, especially for those whose sight is bad enough to war-

rant a thick prescription lens. By far the higgest share of the spectacle lens market is accounted for hy plastic, which is much lighter than glass. The original CR39 polymer resin, developed in the US and first used hy Essilor in the 1950s, is about half the weight of glass. It is shockproof and accepts artificial

tints better than glass. But it is also about 30 per cent thicker than glass and less scratch-resistant. Much of the optical companies' recent work, therefore, has been on thinner and lighter lenses from more advanced resins. This development began in Japan, where there is a high level of myopia and thus a greater degree

very thick lenses.

The California-hased Sola Group expects the thin, light end of the market to grow at about 20 per cent annually in the next few years. Its new Spectralite lenses are made of tough, versatile plastic material and have aspheric designs which make them flatter than spherical lenses. These compete with Essilor's of sensitivity to the wearing of Ormex lenses, which are up to 55

A clear view for contacts

ontact lenses, which float in the eye's tear fluid, are for those who want improved vision and prefer the inconvenience of taking them in and ont - and the risk of losing them - to the inconvenience of wearing glasses. Their use became possible this century with the development of modern plastics, whereas spectacles have been around since the Middle Ages.

But the idea of a lens fitting straight over the eye has heeo around for a long time. Leonardo da Vinci drew a design for such a device in the 15th century. Four hundred years later, the first contact lens appeared. It was made of

glass and covered most of the eye. Today's lenses parallel some of the developments in spectacles such as the availability of tints and application to preshyopes as well as to people with coogenital sight defects – but they also have to overcome difficulties of their

The first contacts were hard and not always easy to wear. Bot the rapid development of soft and disposable lenses, with a high water content, has decreased the hard prodocts' market share. Because they sit oo the eye, cootact leases are prone to deterioration and protein huild-np.

Today's hard lenses are gas per-

meable, allowing eyes to hreathe. In the view of Gary Mulloy, chief executive of California-based Pilkington Barnes-Hind, part of Pilk-ingtoo of the UK, manufacturers need to be more innovative, especially in catering for presbyopes. Companies do have products for these users. Essilor's Lunelle divislon has brought oot Variations, which it says is the first progressive soft lens for presbyopes; it contains 78 per cent water. But Mulloy sees prospects for further design and materials innovations in this area, as well as to hring

hack customers who found con-

tacts awkward to use. "Drop-outs

have been a major problem."

per cent lighter than glass and 30 per cent lighter than its Orms material introdoced in the 1960s. Both companies' products use material with a high refraction index which requires less curvature.

Essilor and Sola (owned by Pilk-ington of the UK which has put it up for sale) are the main players in the world spectacles market, hut there are a host of smaller competitors such as Rodenstock and Zeiss In Germany, Hoya, Seiko and Nikoo in Japan, and American Optical, Signet Armorlite and Vision Ease in

"The market is highly competitive," says John Heine, Sola's chief executive. In the expanding presby-ope market, so-called progressive lenses have gained in popularity as they do away with the segment lines on bifocal or trifocal lenses and the need to switch between glasses for reading and other uses. With a progressive lens, the

wearer · there are 130m presbyopes in Europe · can move through a family of lenses whose outer curve changes gradually as eyesight worsens. Essilor's Varilux Multi Design, in plastic or glass, has 12 lenses, while Sola has its rival Graduate and XL products; as with all corrective lenses, it is the carving out of the inner curve which gives the lens its individual character.

"It's quite a complex operation to shape the surface and get the power without a segment line showing," says Colin Perroit, Sola's head of technology. In future, there will be a multiple choice of different lens designs according to people's lifestyles and different materials cording to taste."

Apart from frame and lcns shapes and the materials used, spectacle wearers can also satisfy their varying tastes hy having coatings applied. These are used to make plastic lenses scratch resistant. eliminate reflection, repel water, and either tint lenses or enable them to darken in sunlight.

At Essilor's UK plant near Bristol, the quartz anti-reflection coating is put on in a special vacuum chamber using sophisticated computer-controlled machines. The coating works by turning the light reflection back on itself. Fremont says Essilor's acti-reflection coating increases sight transmission from 92.5 to 99.6 per cent. Most coatings absorb damaging ultra-violet rays. For work on screens - now cov-

ered in the EC by a special directive - companies have developed tints that soothe the eyes, Essilor, in partnership with PPG industries of the US, has also come up with a way of giving plastic lenses some-thing approaching the photochro-mic quality of glass, enabling them to darken fashionably in sunlight. Vanlty may not rule the world of

Dress sense in Antarctica

By Della Bradshaw

Trudging to work in Fehruary may present as much of a challenge as many of us ever want lo finding suitably warm clothing. But for Sir Ranulph Fiennes and Michael Stroud, who have just completed a record-breaking crossing of the Antarctic, suitable clothing required more than just comfort.

"When you're walking across the Antarctic comfort becomes less important than performance. points out Les Jacques, textile centre manager for ICI Fibres. "It's a question of life or death."

The performance requirements of polar explorers are peculiar. "They don't carry a single waterproof item," explains Ollver Shephard, who accompanied Sir Ranulph on many of his explorations. In the South Pole it simply does not rain. Nor, for the most part of the day. do the explorers require very warm clothing. "Pulling a 450lb sledge you get mighty warm." Shephard points

Instead the main requirement on a continent where winds can reach speeds of up to 200mph are for clothes that are windproof, and "hreathable" — so that perspiration is not held against the skin. If that does happen the moisture can freeze when the garment is removed. That can he life-threatening, as the human body loses heat six to eight

times more quickly when the skin is moist, hurning up colories. All the fabrics worn hy the explorers were man-made. They included speciolist "hreathable underwear, topped by thick, windproof trousers and a shirt. Thick ackets, resembling duvets, would

be put on each morning. Once the men became warmer the thick jackets would be swapped for lighter, windproof outer clothing.

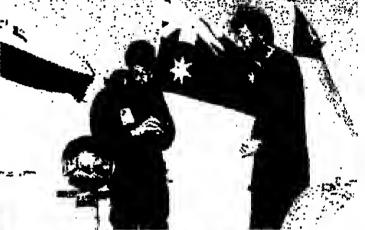
Socks and gloves are made of spe-cially treated fibres to casure no sweat is retained next to the skin.

The technology to produce fabrics incorporating "moisture manage-ment", as it is known, has been pioneered in the sports and ski-wear industry. Aerobic outlits, for example, can be lined with a coating, such as ICI's Tuctel, to take the moisture away from the sklo and prevent post exercise chili.

Gore-Tex has proven particularly popular as a fabric coating to proteet from wind and rain, for mountaineering equipment or ski-wear. Other coatings are being developed: these days some garments are even coated with Tellon, more popularly used on non-stick saucepans.

"It is very easy to make things which are waterproof, windproof or hreathable," says Andrew Geere, marketing manager of Berghaus, which makes mountaincering and other outdoor equipment. "It's get-ting all three into a fibre which is very difficult."

Given the effectiveness of the latest high-technology fabrics it is perhaps surprising that recent expeditions have still favoured the duck-dowo sleeping bed as the favoured form of night-time insula-tion. And Shephard is rucful that pressure from animal rights groups means explorers can no longer wear animal skins. Wolf-skins, he points out, are far more effective than their syothetic imitators. "If I keeps the wolf warm just think what it does for you:"



optics, but it has a strong influence. Sir Ranulph Flennes (right) and Michael Stroud: clothing must be windproo

A GIANT STEP **FORWARD**



Namely the step to reshape Turkey's economy.

The antira world is gradually hecoming a single market. In this new era, Turkey has taken decisive steps to meet the challenges of a global economy.

The Government of Turkey has been implementing a major privatisation program in a hroad spectrum of Industries... The Public Participation Administration, the body ultimately responsible for the planning and realization of this program, is now proud to announce a revenue generation of approximately \$ 500 million within 1992... Moreover, \$ 281 million of this amount has been

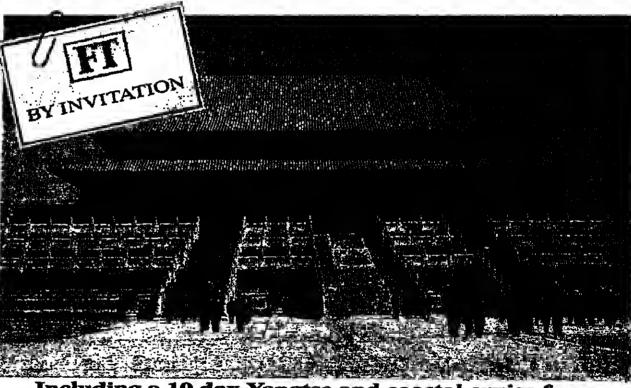
obtained from the privatisation of 6 state owned cament

Now it's time for more... Block sale operations that have heen started in 1992 will be completed in 1993, along with other block sale and public offering projects to hs realized within the year. The Privatisation Program... Daring... Therefore all the more promising. The Public Participation Administration of Turkey Invites all Interested parties to apply for more information in this mass privatisation effort.

TURKEY HAS A BLUE-CHIP FUTURE, INVEST IN IT TODAY...



Hüseyin Rahmi Gürpunar Sak. No: 2/5, 06680 Çankaya-ANKARA/TURKEY Tel: (90-4) 441 15 00 (10 lines) Fax: (90-4) 441 14 94



Including a 10 day Yangtse and coastal cruise from Nanjing to Hong Kong aboard the MS Caledonian Star

Ask anyone who has undertaken a three week comprehensive tour of China and they will tell you how rewarding an experience it was, but at the same time how tiring. We have therefore planned our visit to include nine days on land combined with 10 days aboard the Caledonian Star. To our minds this is an ideal way to explore China, allowing as it does the inclusion in the itinerary of the major sights and museums in Beijing, Xian and Hangzhou together with a leisurely cruise along the Yangtse and China coast.

After the land itinerary which will include such unforgettable sights as the terracotta army at Xian what could be more relaxing than to embark on the air-conditioned first class MS Caledonian Star. During a fascinating 1100 mile cruise of river and coast, we visit Shanghai and little visited coastal ports away from the main tourist tracks.

The MS Caledonian Star is a vessel with a well deserved reputation for providing the highest standards in service. The excellent facilities are enhanced by the Scandinavian Officers and Management which make the Caledonian Star one of the happiest and best run ships affoat.

This unique tour will be accompanied by professional guest lecturers, as well as representatives from both the Financial Times editorial and management departments.

1st - 20th September 1993 BRIEF ITINERARY Day 16 Nanjing. Late after-Day 1 Fly London to Beijing noon embarkation on Day 2 Arrive Beijing for a 3 MS Caledonian Star. night stay. Day 11 Spend day in Nanilng. Visit the Forhidden Sail after dinner. City and the temple of Day 12 Visit Zhoujiang. Sail in Heavenly Peace. the late afternoon along Day 4 The Great Wall. the Yangisc. Day 5 Fly to Xian, 2 nights. Day 13 Shanghai. Day 6 The terracotta army. Day 14 At sea. Fly to Hangzhou, for 2 Day 15 Visit Puzhou. niebts. Day 16 Visit Xiamon. Day 8 Hangzhou -Day 17 At sea. Day 18 Arrive Hong Kong. Travel hy train to Day 19 Hong Kong. Evening Nanjing for an departure.

> Prices per person: from £2,295 - £3,800 (suite). Price includes: Economy air travel, S nights first class hotel accommodation on full board, 9 nights on MS Caledonian Star on full board, all excursions, road and rail transportation in China, entrance fees, port charges, services of tour manager, and guest speakers. Not included: Travel insurance, tips to ship's crew, China visa. This your is organised on behalf of the Financial Times by Noble Caledon lied by readers in temporare to this invit Financial Times, which is registered

Day 20 London. Arrive in the

overnight stay.

i anger	200	De	١.
-===			
CH	П	V٨	L

To: Nigel Puliman, Financial Times, Number One Southwark Bridge. London SE1 9HL Tel: 071-355 1424 Fax: 071-873 3064 Please send me full details of the Financial Times invitation to China

TITLE	······································
	il fact Spyrit in gullactic in Old Spirit Sing Spyrit accommodate in sec
100001 plot bet 1 bet 1 bet 2001 needed 10 10 11 10 11 1 1 1 1 1 1 1 1 1 1 1 1	■ 1-00 1000 1000 1000 1000 1000 1000 1000 1000 1000 1000 1000 1000 1000 1000 1000
phinas Was neithean than a 11 Marildon at month of all the same	T EXPERT Professor Ext. Professor Optimized Professor Professor Optimized Professor Optimized Professor Optimized Optimized
POST CODE	DAYTIME TEI

Cinema/Nigel Andrews

All hokum and holiness

"No one csn kill me. I'm blessed. I'm a Catholic," says detective Harvey Keitel in Abel Ferrara's Bad Lieutenant. In Sleeper Woody Allen, masquerading as a surgeon in the year two-thousand-and-something, was called on to reconstruct e human being from a single disembodied oose. Many of us could imsginatively reconstruct the rest of Ferrara's film from thet single line of dia-

dissident

Same Man

ing in arm

narginal w

This is the one about the bad, possibly mad, certainly dangerous cop. Harvey Keitel's lieutenant, s corruption-prone veteran of the New York Police, is so bent that you could use him to arrest people

THE BAD LIEUTENANT (18) Abel Ferrara

A RIVER RUNS THROUGH IT (PG) Robert Redford THE LAST DAYS OF

CHEZ NOUS (15) Gillian Armstrong **MEAN STREETS (18)**

Martin Scorsese

around corners. His specialities are violent crime, drugs and sexusl offences. in order to stop himself enjoying all three, he must keep invoking his Catholic beliefs. Assailed by bleeding visions of Christ, he knows that redemption is possible if he can only get his

moral act together. Violence is "in" today. See Reservoir Dogs, Man Bites Dog and other films with or without canine titles. So the small handful of once-panned movies In writer-director Ferrara's filmography, from Driller Killer to King Of New York, have lately been undergoing revision as masterworks of gutter realism. Result: the flattered Ferrara catches the higgest dose of pretension since De Palma made The Bonfire Of The Vanities. After the cynical, crackling promise of early

scenes - Keitel snaffling drugs from crime-scene cars, Keitel pocketing a convenien rohber's loot, Keitel forcing e "freebie" from two ladies of the night - God gets his call to the set.

first gets our haro thinking about redemption. Putting his the abused nuo, Sister Plot forgive rather than to avenge. might have an idea of the battle raging here between holi-ness and hokum. All stops are out visually and viscerally. But one finally concludes that the reason Ferrara rubs our noses blood showering real walls or windows - is that if ha allowed us once to stand back

idea for thesis; artist's trichological condition as trigger to his creative style. in A River Runs Through It America is seen by director Robert Redford as if through the golden cascades of his own hair. We are ushered into the story hy RR's voice-over, purring gilded sentences from the homonymous hoyhood memoir by Norman MacLean. Then, in the feature-length flashback that is the film, young Redford lookalike Brad Pitt takes over as one of the tals's two hrothers, sparring for self-fulfilment with each other and with pastor father Tom Skerritt.

the movie's ldiot self-impor-

The violent rape of s nun on a church altar by two hoodlums - no sensationalist possi-

bility omitted there, I think -

knitted hrows and musclebound stoop into action, Keitel keeps shamhling back to the church where the crime was committed. Here he first sees a vision of Jesus complete with bleeding head and nimbus of light. Then he re-encounters Device, who counsels him to If you imagine Mickey Spillane adapting Craham Greene's The Power And The Glory for Michael Winner, you in depravity - real needles entering real arms, realistic and see the panoramic for the particular we might rumble

Paul is deep in whores, whisky and poker dehts, Ws have seen this story before, have we not? Ahout - I take s guess - 100 times. But here there is a novel metaphor. The scenes of fly-fishing in the sparkling, russet-banked rivers are giveo e real lyricism hy Redford and his cameraman Philippe Rousselot (The Emerald Forest). Long fishing-lines arc and curl in sun-caught silver, Coplandish music hy Mark Isham warbles on the soundtrack; and even the hardest heart melts e little at this shrewdly gorgeous image of an American Dream woven from Actually - just for confu-sion - the un-Redfordish Craig man-made discipline and close

hellraising in early-century

Mootana and making Pa Sker-

ritt so goshdarn angry. (Watch

that milk jug as you thump the table, Pop.) For while Norman

is college-bound and chastely

namoured of Britain's Emily

Lloyd (plus American acceot),



For while the sceoery fills the hrothers' spiritual lungs, Malkovich with hair, plays the putative young Redford, based on the young MacLean. Pitt is his handsome sibling Paul, Dad sharpens their mental mettle by teaching them the "Presbyterian way" to cast a line. This involves metronomes and much mind-over-mstter. Brief filial revolts are inevitable - like Paul taking Norm off on a rapids-shooting trip but soon the the boys will surely thank and respect Dad and even grow up to write

about him. The lectures never guite crush the life out of the lyricism. Even when wondering "Is Norman MacLean an ont door version of Norman Rockwell?", we glow as the images glide past in this river trip through a never-never Amerlca. And when the sun goes down each day and we traipse indoors for the movie's lecture sessions - yes, the heart and mind, animus and anima must ruls equally - we know it is only until morning that director-producer Redford has pushed his hair back under his mortar-board.

Idea for enother thesis: The zeitgeist tale; but e film about

Euro-actor as today's equiva-lent of the Wandering Jew. Germany's Bruno Ganz seems oo clearer about what he is doing in Australia in Cillian Armstrong's The Last Days Of Chez Nous than he was about being in England in David Hare's Strapless or in America in The Boys From Brazil.

Let me supply the answer. He is the soul of Western art and civilisation. In Armstrong's tale of Bohemian lives among e group of Aussie fortysomethings, Canz alternates meal-table tantrums ("For two years I have been looking for zese cheeses!" when someone takes e blte from his precious Brie) with burgeoning roman-tic disenchantment ("Do you think we'll ever make love again?" mourns girifriend Lisa Harrow).

He is adrift, as is the endieoce, in e world where the affirmative hedonism of the 1960s has turned to live-and-make-do. Gillian Armstrong made the famous, overrated My Brilliant Career. Here she goes for another pin-down-the-

formlessness is harder to do than one about formativeness. As the characters yatter around the sempiternal kitchens and Late Flower-Power sitting rooms - also present are Harrow's pubescent daughter (Miranda Otto) and pregnant half-sister (Kerry Fox) - we feel as if we are at the wrong party, pressed to the wall by yesterday's people shrilly insisting they are today's.

Mean Streets, which 20 years ago marked Martin Scorsese's breakthrough as e feature film director, is yesterday's movie hut still of today. Vivid, visionary, sardonic: everything that Bad Lieutenant tries to be hut fails. It even has the same star, Harvey Keitel, here fresher in his mannerisms as the Mafia "collector" who moves through the hars of Little Italy as if through the ante-chambers of Hell. Also present: Robert De Niro in his starmaking role as Keltel's victim pal, a human jack-in-the-box who jumps out through the screen the more the plot pushes him down.

Opera in Geneva/Andrew Clark

Luisa Miller

Then a tenor is on form, it is the tenor's opera - even when it is named after the soprano. This was the case with Neil Shicoff's perfor-mance in Luisa Miller at the Crand Théatre, Geneve (hroadcast live by Radio 3 on Saturday evening).

Verdl could have written the part of Rodolfo for Shicoff. He may not fit the conventional picture of a romantic suitor. the neurotic expression, bookish spectacles and delicate huild coojure visions of on operatic Woody Allen rather than the squire's son who falls hopelessly in love with a vil-lage girl. But he sill looks youthful enough for the part. The key, of course, is the voice: Shicoff remains the focus of attention simply through the

emotive power of his singing. The American tenor's trademark is his tragic, tearful vocal timbre. He does not overwork it, and despite the Italianate ardour of his delivery, he never resorts to the sobs, scoops and other mannerisms that all too many Italian teoors equate with feeling. Nor does he force the tone. On a good night like this, he hits the notes accurately, fearlessly, musically. He also gives you the impression that he is totally committed to the part, rather than sailing through it en route to the next celebrity concert.

Where Shicoff appealed to the heart, the Cerman film director Werner Schroeter succeeded in making Verdi's first bourgeois drama appeal to the

hesd. Schroeter's staging, designed by Alberte Barsacq and first seen last season in Amsterdam, uses period costumes, but otherwise dispenses with the customary anecdotal trappings. In their place is a permanent multi-level construction of platforms and staircases, a metaphor of the complexity and claustrophobia of Tyrolean village life. The chorus watches from side-galleries as the emotions of the principals are systemstically leid hare. The result may strike some as clinical, and until the final scene the characters remain stereotypes; but the story is intelligently told. the music never crowded out.

That meant ample opportu nity to appreciate the style and sparkle of the accompaniments under Carlo Rizzi, who lifted the responses of the Geneva orchestra and chorus a good notch or two shove normal. Kallen Esperiao's rapturous Luisa was more successful in the lyrical outpourings of the second part of the evening Paul Plishka, in fine voice, captured the domineering selfishness of Count Walter. Even more impressive was the crisp, penetrating delivery of the Pol-ish bass Romuald Tesarowicz, whose Wurm recalled Obadiah Slope in the Barchester Chronicles: beneath the oily hauteur lies a scorpion. Antonio Salvadori, replacing Thomas Allen, was a workmanlike Miller.

Grand Theatre, Geneva. Final performance on Sunday



The Invisible Man', much praised by my colleague Andrew St George when it opened at the Theatre Royal, Stratford East, last October has transferred to the Vaudeville in the Strand where it should give pleasure for many months. Based on the H.G. Wells novel, the piece is written and directed by Ken Hill who did the non-musical version of 'The Phantom of the Opera'. Here the wonderful illusions – things that go bump in the light – are provided by Paul Kieve. The unmistakeable Theatre Royal style is at its irrepressible best. The photograph shows Michael N. Harbour in a moment of visibility. You can't miss him.

London concerts on the South Bank

Maxwell Davies's double bass concerto

Peter Maxwell Davies's set of Strathclyde Concertos for the Scottlsh Chamber Orchestra, planned to be ten in number, is moving toward completion. (The series-name does honour to the enlightened action of the Strathclyde Regional Council in commissioning them.) Each one features a different instrumental soloist or concertante combination. Number seven given its first London outing on Tucsday, at the Queen Elizabeth Hall - is for the doubla bass, and is perhaps the most

style argument - are examined and developed. Maxwell Davies has set out in each cass to fulfil his proposition as fluently, and as "continuously", as Bach or Haydn might have done. (It is probably for this reason that the concertos have already received some rather testy dismissals from former

enth concerto, is that the dou-ble bass should be treated not as a vehicle for rhythm, or weird animal-imitation effects, or lumbering comedy, but as e lyrical voice in its own right. The gently meditative opening, in which the that voice is musingly tested, with bare support from other low strings, is mas-terly. The particularly *Klang* of the concerto, at once warm, rather lean and full of internal variety, is achieved with s sobriety that can nevertheless run to quietly astonishing virtuoso effects of textural con-

Maxwell Davies admirers.) The performance, by Duncar

The proposition, in this sev-

On a first hearing I also

admired the self-effacingly expert way the work is moved forward, via gradually unfolding melodic devices and disgorging of consonant-sounding hermonies. The sheer fuoctional intelligence of the music is disguised, as it should be, by all its many civilised surface

to-nature freedom.

McTier and the Scottish Chamber Orchestra under the com poser's baton, was excellently run-in. Not surprising: the concert - which also hilled works by Edward Harper and Judith Weir and the (rather garish) first concert suite from Max well Davies's ballet score Caroline Mathilde - had heed given in five British cities previously, as part of the latest Contemporary Music Network

Max Loppert

Final SCO performances this weekend, in Sheffield, Bath and Northampton

'Fantastic' without fantasy

At the end of a plece, the conductor Zubin Mehta likes to swing straight round to the audience even while the last chord resounds, with uplifted arms that mean something like "Hey, WOW!! - yeah?" (We have to remember his 13 years with the New York Philharmonic.) He did it after his Berlioz Symphonie fontastique with the London Philharmonic at the Royal Festival Hall on Tuesday, and drew an instant "Bravo!" from a voice in the usual place: rear right in the

Though there was some modest justification for that, there had been none earlier, at the close of the same composer's Beatrice and Benedict overture. The "caprice written with the point of a needle", as Berlioz put it himself, was remarkable chiefly for the cautious tempo Mehta chose for the main material (almost unaccented certainly without any glint of embattled wit) and the leaden glumness of the "romantic" episodes. If one wanted to have Berlloz coodemned to pro-gramme-filler status, e performance like this would rein-The "Fantastic" was better,

but only hy e few public degrees. Mehta engineered a thoroughly professional reading. There were stage-explosions in the right places, and they were properly led up to by purposeful developments -extrovert, candid, muscular. At the subcutaneous level, nothing happened st all. Berlioz's most original strengths can be detected only beyond the literal notes; here, hardly anything of his tremulous confessional vein, his sudden catches of breath or his abrupt violence made itself felt - just bold col-ours and professional energy. Not at all bad, hut not very good: the visionary aspect of the score was reduced to news-

In Bartók's 2nd Piano Concerto there were more peoe-trating flashes, thanks entirely

to András Schiff's account of the solo part. They were mostly confined to tha lyrical piano intermezzi, however, on which he lavished quirkily elegant insights. In the rougher music Schiff's lack of percussive conviction, of forceful rhetoric, left him an easy prev

to the devouring orchestra. In fact the LPO sounded raw. much less well rehearsed than for the "Fantastic". For the ceotral Adagio the hazy, muted strings and timpani were evocative enough, hut in the bright onter movements the whole band never achieved the leanness and tautoess that the music demands. I had to put on the Philips recording, by Zol-tan Kocsis and Ivan Fischer with the Budapest Festival Orchestra, to remind myself how much more is invested in Bartók's score.

David Murray

Sponsored hy Mrs Jackie

fascinating yet. In these works e Maxwell Davies has been revealed quite different from the adventurer of youth, the confronter of engular, sometimes violently dramatic music-theatre conceptions. His musical mode here is s subtly woven wcb of discourse in which purely musical ideas - ebout the characterisation of solo instrumental voices, the relationship of inditrast. vidual and group strands, the movement forward of sonata-

INTERNATIONAL

■ ATHENS

Concert Hell Tonight: Leonidas Kavakos plays solo violin music by Bach. Tomorrow: Athens State Orchestra's Scandinevien music cycle continues with a programme of works by Nordel, Crieg and Sibelius (722 5511)

■ BOLOGNA

Teatro Communale Bruno Bartoletti conducts first night of Elijah Moshinsky's production ol Simon Boccenegra on Set. with Renato Bruson, Roberto Scandiuzzi, Lucia Mazzerla snd Alberto Cupido. Runs till March 9, with Paolo Cavanelli singing the title role in the second performance on Sun etternoon. Mon: Tekacs Quartet

Tues (in Palazzo dei Congressi):

Ceneva Ballet in two works by Ohad Naharin (529999)

■ GOTHENBURG Konserthuaet Tonight: Refeel

Frühbeck de Burgos conducts Gothanburg Symphony Orchestra in works by Haydn and Berlioz (rapeated tomorrow In Stockholm). Tuee: Ars Intime plays works by Bach (167000)

■ LONDON THEATRE

Trelewny of the Welle: Pinero's comedy paints e fond portreit ot lets Victorian theatrical life and its relationship with the upper clasa. John Caird directs e strongly-cast Netional Theetre production opening tonight (Olivier 071-928 2252)

 Hamlet Adrian Noble's full-length RSC production starring Kenneth Brenegh, Runs till Merch 11 before transferring to Stratford (Barbican 071-638

Crazy For You: this levieh romentic musical, beend on Gershwin'e Cirl Crazy, includes show-stopping numbers like I Got Rhythm. It reopens the Prince Edward theatre after extensive renovation. Currently in previews. Press night March 3 (Prince Edwerd 071-734 8951) No Men'e Land: Harold Pinter

leads the caet as Hirst in his own pley, with Paul Eddington as Spooner. This accleimed production wes originally staged by David Leveaux at the Almeida (Cornedy 071-867 1045)
Pleyland: Athol Fugard

directs the British premiers of his latest play with John Kani and Sean Teylor, leading actors from Johannasburg's world-renowned Merket Thsetre. The play has been eccleimed

as one of the first to confront the questions facing tha new South Atrica. Opens naxt Thurs (Donmar Warehouse 071-867

 The importance of Being Earnest Maggle Smith is Lady Bracknell in a star-studded production of Oscar Wilde's most popular comedy, directed by Nicholas Hytner. Previews begin on Mon, Press night March 9 (Aldwych 071-836 6404) **OPERA/DANCE** Covent Garden Royal Opera has

a finel performance tonight of Stiffello with Giorgio Lamberti In title role, plus II barbiere di Siviglia with Thomas Hempson. Cabriel Bacquier and Jennifer Larmore (tomorrow, next Mon. Thurs end Sat). Merk Ermier conducts a revivel of Andrel Serben's production of Turandot on Sat (in repertory till March 13), with Gwyneth Jones and Crace Bumbry elternating in title role (071-240 1066) Coliseum ENO revives Patrick

Mason's Opera North production of Don Pasquale tomorrow with Andrew Shore in title role (In repertory till April 5). Jonathan Miller'e production of Rigoletto can be seen tonight end next Thurs, plus Carmen with Sally Burgess on Sat, naxt Tues and Fri (071-836 3161) Sadier's Wells Next Mon-Sat English Touring Opera presents

CONCERTS South Bank Centre Tonight: Cünter Herbig conducts RPO in works by Wagner, Schumenn end Tcheikovsky, with piano

Cosl fan tutte and Felstaff

(071-278 8916)

soloist Janine Flalkowska. Tomorrow: Hakan Hardanbergar plays Maxwell Davies' Trumpe Concerto, Tomorrow In QE Hell: Robert Holl aong recital, Sun afternoon: György Pauk, Peter Franki and Raiph Kirshbaum pley Schubert pieno trios. Sun evening: Zuhin Mehta conducts LPO in works by Elgar, Mendeleeohn and Tchelkovsky, with violin solulat Midori. Tues: Richard Goode plays Schubert piano sonetas. Wed: Adrian Leaper conducts London premiere of Maxwell Oavies' The in Mehler's Second Symphony. Turn of the Tide. Next Thurs: Alfred Brendal (071-928 8800) Naxt Wed: Martinu Quartet (286 Barbican Tonight: Kent Negano conducts LSO and Chorus In Mahier's Third Symphony, preceded by Ute Lamper singing Welli. Set: Gilbert end Sullivan concert. Sun efternoon: Labeque Sisters, Mon: Libor Pesek conducts RLPO in works by Mozart, Rakhmeninov and Berlioz, with pieno sololet Frederick Kempf. Next Thurs: box offices. Mehslav Rostropovich conducts LSO In opening concert of Britten Feshval, Including world premiere of new work hy Colin Matthews (071-638 8891). Sat at Wigmore Hell: Sergel Leiferkus sings Prokofiev and Tchaikovsky (071-935 2141)

■ PRAGUE OPERA

The main event this week is the first night on Sun of Prague State Opera's new production of Un ballo in maschere, conducted by Mertin Turnovsky. Tha repertory stso includes Rigoletto

tonight, L'alisir d'amore tomorrow and Minkus's hallat Don Ouixote on Sat and Mon (265353), National Theatre has Tha Bartered Brids on Sat and Mon, Don Carlo on Tues, La forze dal destino on Wed and Hurnik'a Tha Ladykillers on Feb 28 (205364). Estates Theatre has Le nozza di Figaro tomorrow and naxt Thurs (228658) CONCERTS Tonight and tomorrow et Dvorek Hall, Vaclav Neumenn conducts Czech Phliharmonic Orchestre and Pregue Philhermonic Choir

01111 For pre-booking snd Information about these and other events, contact city centre ticket egencies (Slune, Wenceslaa Square 28 in the paseage, tel 261602, or Bohemie, Na Prikope 16, tei 228738, or Meientrich, Wenceslas Squere 38 in the passage, tel 228714) and theatra

■STOCKHOLM

OPERA/DANCE Royal Opera Tonight, tomorrow, next Wed: new ballel production with choreographies by Kyllan, Bejert and Aivin Ailey. Set afternoon: Cav end Pag. Next Thurs: Les Contes d'Hoffmann

Rotundan Sat: world premisre of Amorina, romentic chember opere by Lars Runsten, repeated Feb 23, 25, 27 (248240)

CONCERTS Konserthuset Tonight and Sat afternoon: Goran Wileon conducts

Stockholm Philharmonic Orchaatra. Naxt Wad: Paavo Berglund conducts works by Stannhammar, Sibellus and Dvorak, with violin soloist Leonidas Kavakos (244130) Berwaldhalten Tomorrow evaning, Sat aftarnoon: Leit Segerstam conducts Swadish Radio Symphony Orcheetre and Chorus in works by Eliasaon. Scriahln and Borodin (784 1800)

■ UTRECHT Vredenburg Tonight Edo ds

Waert conducts Netherlands Radio Philharmonic Orchestra in works by Straesser, Richard Strauss end Mehler, with soprano sololst Cherlotte Margiono, Set: Stanislav Skrowazcewski conducts Royal Concertgebouw Orchestra in works by Prokofiev, Respighi and Lutoslawski. Sun afternoon: Evgeny Svetianov conducts Hague Philhermonic Orchestre in symphonies by Rimeky-Korsakov end Brehms Mon: Roberte Alexender song recital. Tues: Labeque Sieters (314544)

■ ROTTERDAM

De Doelan Tonight: Jeffrey Tete conducts Rotterdam Philhermonic Orchestra in works by Humperdinck, Mahler and Brehms, with mezzo sololst Marjane Lipovsek. Tomorrow: **Eduardo Marturet conducts** Rhineland Pfsiz State Philharmonic Orchestra In Brehms'e Second Pieno Concerto (Karin Lechner) end Second Symphony (413 2490)

Europeen Cable and Satellite Business TV (All timas are Cantral European Time)

MONOAY TO THURSDAY Super Channel: European Business Todey 0730; 2230

MONDAY Super Channsi: Wast of Moscow 1230. Super Channel: Finenciel

Times Reports 0630 WEDNESDAY

Super Chennel: Finencial Times Reports 2130 THURSDAY Sky News: Financial Timas Rsports 2030; 0130

FRIDAY Super Channel: European Business Todsy 0730; 2230 Sky Naws: Financial Times

Raports 0530 SATURDAY Super Channel: Finencis! Times Raports 0930

Sky Naws: Waat of Moscow 1130; 2230 SUNDAY Moscow 1830

Super Channel: West ot Super Channel: Financiel Times Reports 1900 Sky Newa: West of Moscow 0230; 0530 Sky News: Financial Timas Reports 1330; 2030

🕇 here is a jumpiness about America's friends and allies in the early days of the Clinton administration that has been widely noted. It needs to be held in check.

The European Community, Britain and Japan have all been guilty of excess nervousness above and beyond that which is normal when the US acquires a new government. That the US is now the world's only superpower is not an

Narrowing the general to the particular, those accused include Sir Leon Brittan, the Hurd, the British foreign secretary, and unnamed Japanese "officials". Excluded from the charge sneet, however, is Lord David Owen, the EC's Balkan negotiator, for reasons that will be explained later.

The evideoce is as follows: last week, at his "town meet-ing" in Detroit, Presideot Bill Clinton was asked by a questioner from Seattle, where Boeing is the number one employer, what needed to be done about lay-offs in the US

aerospace industry. He replied, probably for the 73rd time, that one of the competitive problems facing the US industry was subsidised foreign competition, viz Airhus Industrie. In the opinion of the EC and Sir Leon, he thus overlooked the fact that the US and the Community had temporar-ily buried the hatchet on Airbus subsidies last year.

That agreement may well be the equivalent of the Magna Carta in European bureau-cratic and industrial eyes, but it is doubtful that it has entered Mr Clinton's consciousness yet. It is, therefore, ridiculous to assume that he was making policy on the hoof, which seems to have been the reflex reaction in European capitals last Friday.

This was not Sir Leon's first offence. He had leapt all over the Clinton administration, accusing it of "unilateral hully. ing", when the steel dumping rulings were announced in the first week of the new US government. He may have done so for tactical reasons, but he also did so in the certain knowledge that this was a process, unfair as it may be, set in train under President Bush and, regardless of the occupant of the White House, unalterable under US

Mr Hurd, by reputation so cool, calm and collected, also has charges to answer. He knew perfectly well, because the British embassy in Wash-

Worst friends

Foreign critics of Clinton

have been unfair, argues **Jurek Martin**

there was nothing sinister in

Mr Warren Christopher's comments a while back about the composition of the UN Security Council. The secretary of state had been asked, at his own "town meeting" with his new staff, if it was not the case that the Security Council's composition should reflect the global power structure of today and not that of 1945 when it was established. He replied that of course it should reflect contemporary realities, but, in bedging his answer with many qualifications, he did not leave the impression that he wanted Britain kicked off it.

Mr Hurd, however, need lessly rose to the British tabloid bait, buffing and puffing about the importance of Brit-

America's allies have seemed self-serving rather than recognising reality

ish membership, after a perhaps gratuitous reference to US financial arrears to the UN. It is hard to keep track of the Japanese egregiousness in a fistful of mostly anonymous Tokyo hriefings questioning US trade policy. This is a legitimate concern though mostly derived from reading what once liberated academics such as Laura Tyson have written over the years and which conveniently forgets that few heads of the Council of Economic Advisers, which she now is, have exercised real pol-

icy clout in living memory. More than that, these same sources have been questioning the moral fibre of American society. There are reasons for such questions, especially when Japanese visitors to the US have suffered violent physiington had told him so, that cal attacks. But the extrapola-

tion of specific incidents into a general decay takes a little stomaching on this side of the Pacific, where people are aware not only of Japan's trade practices but also of its unwillingness to sully itself by taking more than the bare minimum of the 18m refugees now lit tered around the world.

Lord Owen, whose excoria tion of the presumed US policles towards Bosnia were, until last week, conspicuous, at least had both legitimate grievances (lack of consultation by the new administration and the blackening of the reputation of his negotiating partner. Cyrus Vance) and an immediate purpose. This was to try and dissuade Washington from rearming the Bosnian Moslems, which, he was convinced.

would have scuppered the Vance-Owen peace process. He played his thin deck of cards for all it was worth, not only with the administration with success, but also, exqui-sitely if with mixed results, with the pundits of The New York Times.

But the combination of all the above, excepting Lord Owen, guilty only of typically bad manners, has not exactly been to make friends and influence people in Washington. America's friends and allies have seemed petulant and self-serving rather than recog nising reality - which is that they need the new US administration as much as, if not more than, at any time since the reconstruction after the last world war.

What should be borne in mind is that, for the first time in 12 years, the US has a government from a different party. Its instincts, its priorities and its value judgments may well some miles removed from its immediate predecessors, especially from President Bush, schooled almost exclusively in the cluhhy and cold war-dominated world of international affairs still inhabited by so many western leaders.

Europe, the UK and Japan

have to learn that this administration may take its time to make up its mind on policy issues and that, to paraphrase LBJ on J Edgar Hoover, it is better to be on the inside of the tent urinating out than vice versa, Given the fractured state of Europe and Japan's uncertainty, the only nation currently capable of putting up the tent is the US. And if Mr Clinton is too polite or too canny to say so, then there are a lot of Americans with influence who are not. Just for starters, most consider Bosnia to he "a European war".

The most useful thing I can do as British unemployment once more rises to 3m is to summarise the main features of the problem as I see them. • The immediate reason for the jobless explosion is the severity of the recession and the

slow recovery from it. That in turn reflects the severe collapse of property prices, which has made both individuals and companies more anxious to repay debt than to take on new commitments. it has also made the banks, whose own balance sheets have been hit, ultra-cautious about new lending.

There may also be a further feedback from unemployment itself. A Barclays Bank survey suggests that 40 per cent of the adult population and 50 per cent of those at work are more hesitant abont borrowing because of the fear of job loss. · Businessmen who say that the recession is not the only factor are correct. But they often mistake what the fundamentals really are.

For instance, Mr Percy Barnvik, the president of the ABB, the world's largest power engineering group, told the Financial Times (Jan 4) that inexorable advances in productivity were leading to large-scale permanent unemployment.

This is the most frequently recurring scare in world economic history and is sometimes dignified by the name "lump of labour follocy". It is based on the idea that total ontput is fixed, so that if fewer workers are needed in one line of activity they must end up on

the scrap-heap.
This fallscious diagnosis leads to fallacious remedies. mainly designed to reduce the labour supply, such as emigration, compulsory reduction of working hours, early retirement, and so on. It was embraced in the 17th century hy James I of England, other wise known as the "wisest fool in Christendom", who wanted to carry off the unemployed to Virginia and Newfoundland. What such practical men fail to see is that unemploy-

ment is a market relationship,

but one of some complexity. The most widely understood aspect is that between unemployment and inflation, There is indeed no long-term trade-off between the two. Employment is not higher in Latin America countries prone to double-digit inflation or in the former Soviet Union than it is in sound money countries. But it is true, that the move from a high rate of inflation to n lower one involves a temporary rise in

ECONOMIC VIEWPOINT

The unwelcome pay-jobs link

By Samuel Brittan

unemployment, as the UK saw in the early 1980s and again in the early 1990s. Similarly an inflationary upturn is often accompanied by a temporary reduction of unemployment to abnormally low levels, as in

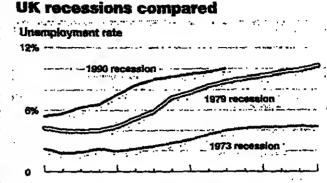
the late 1980s. The approach via inflation does not however explain why the number of people ont of work should now be so high over the average of the business cycle. UK unemployment exceeded 3m in the aftermath of the last recession. But the drop to below 1.7m in 1990 proved an unsustainable aftereffect of the previous boom. It looks as if the equilibrium rate of unemployment cannot be

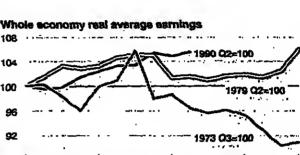
very far from 25m. We need to move hack a step. Just as there is a relation ship that goes from unemployment to nominal pay (that is pay in money terms) there is another relationship that goes from real pay to unemployment. The higher the level of real pay per head, the smaller the num ber of workers likely to be offered jobs.

At a common-sense level the relation is simple enough. The more that anything costs, the less of it will be bought. But it is difficult to demonstrate statistically in the national labour market, with so much else going on in the economy at the

There is the statistical problem of which measure of real pay best represents employers' costs. The more basic problem is that the true cost of employing lahour depends on the margir above labour and other costs that a business can get away with imposing, which is difficult to explain without a good model of how the whole economy works. Such models

are not easy to come by. The Treasury did have a shot at the subject in 1985 under a charcellor, Nigel Lawson, who was not afraid to talk about the link between pay and jobs. Its paper. The Relationship between Pay and Jobs, estimated that a change of 1 per cent in real wages would ulti-





rarce: Back of England Bulletin

mately be associated with a change the other way of 110,000 to 220,000 jobs, an estimate still often cited.

Emphasis on the word "real" may help to explain why pay can still be a problem, even when earnings increases are.

The more that anything costs, the less of it will be bought - and that applies to labour

at 5 per cent a year, the lowest for several decades. But so too is inflation, down to 11 to 3 per cent, according to the measure used. Real pay per head is thus rising by 2 to 3 per cent. By contrast, Professor James Mcade remarks in a fascinating memorandum to Labour's Borrle Commission (contactable

via IPPR at 071 379 7400) that "to absorb 2m extra workers into employment would require a considerable reduction in real wage costs, involving an absolute fall in the real wage rates, in order to induce employers in a free cnterprise economy to expand their output sufficiently".

The level of benefits clearly affects the wage which workers are willing to accept. But of course real pay is not the only non-cyclical influence on the jobs market. Levels of education and training, international and technological develop-ments and real interest rates all play a role.

But in most markets price in this case pay - is the final equilibrating mechanism between supply and demand after all other influences have been taken into account; and in the labour market it reacts sluggishly and incompletely.

One reason for the difficulties economists have in tracing the pay jobs relation is that they look too much at national averages and not enough at pay for specific skills and categories of workers, where market-clearing differentials have widened out in recent years. In an Economic Viewpoint of January 14, I summarised how the US has had a better jobs record than Europe, but at the expense of driving down real pay for the less skilled.

There are also cultural and moral influences which economists do not much like discussing. Indeed, it is often the most enlightened husinessmen who are most resistant to any talk of a link between pay and jobs and who boast of their small but well-paid labour forces.

· They have indeed good reason to be worried, even if their own actions are not as helpful as they think. For driving down real wages to murketclearing levels could have mor ally unacceptable effects on the distribution of income, unless low rates of pay are supple-

mented by some other means.

Prof Meade's main interest is in moving from a conventional welfare state to a modest citizen's income available to all. But similar reasoning applies to workfare, special employ-ment measures and all the other palliatives. They are all basically ways of employing people without making employers pay the full going rate. One of the best analyses I have seen is that of RS Musgrave (Workfare, 24 Garden Avenue, Sam wellgate Moor. Durham, DHI 5EQ). As he says, in a totally free market the unemployed have the choice of doing nothing, or doing a job other than their usual one for a while. Governments have usually subsidised only the choice of doing nothing.

Nevertheless there is no reason why job subsidies should be confined to the public sector or to special projects of any kind. Whatever is valuable in the workfure idea cun be achieved by marginal employment subsidies to normal employers on a temporary and o limited basis.

Of course these measures are putting sticking plaster on the problem and it will be quite a while, if ever, before the labour market can be fundamentally reformed. It was a political mistake for the Thatcher and Major governments to wind down their special employment programmes on the back of a temporary economic upturn which could not be expected to resolve the underlying Jobs problem.

You'll be amazed by the scope and impressed by the depth... How often hove you

wished that you could obtain all the information you need from just one source? What on incredible relief to discover that you can do just this. It's a chance you wan't get every day. In fact, such a concentration of information and products from all areas of IT and communications technology can be found just once a year. At the industry's most important ond lorgest — trade fair. Unique worldwide. Only here will you find 6,000 exhibitors from over 45 countries. At CeBIT. In Hannover from 24th - 31st March 1993

inter • Office • Information • Telecommunications Further information: Arnold Rustemeyer, 25 Hurst Way, South Croydon Surrey CR2 7AP, Tel:: (081) 6 88 95 41, Fox: (081) 6 81 00 69

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

A flawed capital rules strategy

From Prof Stephen M Schaefer. Sir, News that the interna-tional Organisation of Securi-ties Commissions (losco) has decided to ahandon its attempts to devise a set of rules governing minimum capital requirements ("losco drops common capital rules plan". February 11) should be welcomed by all those who regard the prudential regulation of securities companies as an

The losco proposals were flawed in at least two important respects. First, under the banner of "level playing fields" they sought to impose rules which completely failed to take into account the substantial differences in structure which exist between different securities markets.

Second, the rules would have forced companies to look at risk in ways which were 40 years out of date and inconsistent with best practice in lead-ing financial institutions. It is inevitable that at some stage the question of harmonisation will re-emerge on the agenda of international regulation. When it does, let us hope that political problems in reaching consensus do not as on this occasion, lead to second-rate solutions to an important regulatory problem. Stephen M Schaefer, Esmée Fnirbairn professor of finance and research dean, London Business School, Susser Place

Not a sterling response

Regents Park, London NW1 4SA

From Mr David Hughes. Why is it that every person I speak to overseas asks me why the British are not taking advantage of cheaper sterling to boost exports? My answer is that they are using cheaper sterling to widen their margins rather than increase sales. Meanwhile, the Japanese and

the Germans are gaining market share. "Not very clever," as someone said recently in Johannesburg. London W14 OJJF

Road tolls: financial penalty and social costs understated

From Mr Kenneth Faircloth Sir, Richard Tompkins makes an excellent try at bal-ancing the pros and cons of motorway tolis, ("For whom the road tolis", February 13). However, suggesting that motorists might he paying ca 9hn less than motoring's true price, thanks to the "cost of capital" element of £7.2bn, ignores the financial penalty that we would face if no motorway network had been built. The Confederation of British Industry puts the cost of congestion at £15bn (at 1988 prices). Without motorways, delays would be taking an economically crippling toll. There-fore the capital element has no legitimate place in the balance

more than £3hn in credit. The key question is, will the Treasury allow us to have s motorway network to meet our economic and social needs? The answer is that it will not, and direct charging for the use of motorways sppears likely. The AA opposes motorway charging unless (s) all income

sheet, leaving UK motorists raised from motorway charge | accidents and £1.7bn for the | St Andrews, Fife KY16 9AL

ing is used for improvement, environment. The Umwelt und maintenance and management of the motorway network; and (b) motorway charges must be matched hy a corresponding reduction in motoring taxation. For Britain's road-based economy the government's total spend on roads is £5.5bn against a tax take from motorists of £14.7bn (excluding VAT). British motorists won't give the government a blank cheque, but they will demand that their money is used to provide a quality road system. Kenneth Faircloth

deputy director general Fanum House, Basingstoke, Hampshire RG21 2EA

From Dr Ian Smith and Dr Felix FitzRoy. Slr, Richard Tomkins correctly argues for the inclusion of accident and environmental costs of road transport in a cost benefit analysis of motoring. However, his case is weakened by the use of estimates for the social costs which are far too low, namely £6.1bn for

berg has published careful estimates for external costs in West Germany in 1989 which are roughly comparable to the current UK situation. They calculate total accident costs at about DM7Obn and all external costs of road traffic at DM250bn, equivalent to 12 per cent of German national income. Even allowing for higher traffic density and accident rates in former West Germany, the corresponding UK figure should be at least six times that quoted by Tomkins. Urban congestion can be most effectively reduced by improving public transport with priority lanes and restricting car access, as in Zurich and other Continental citles. The general problem is most effec-tively dealt with by higher luel taxes rather than cumbersome new road taxes. Ian Smith. Fellx FitzRoy,

Prognose Institute in Heldel-

French compounding exchange rate problem

From Mr Nick Parsons, Sir, Samuel Brittan sets out concisely the balance of opposing forces on the French Franc/D-Mark exchange rate ("Modest repairs to ERM fault lines", Fehruary 15). Rather than a European Monetary Institute, or council of so-called "wise men" though, a mechanism already exists for spotting currency misalignments and making oecessary adjust-ments. It is the \$300bn a day foreign exchange market.

No EC country can be lmmune from the dramstic economic slowdown in Germany but France's rigid adherence to the ERM and the inter-

est rates necessary to prevent speculation in the foreign exchange market are making a bad situation worse in the short term. The interest rates set by the Bundesbank may or may oot be appropriate for Germany but it is hard to imagine they are appropriate for France at the moment.

What have the authorities to fear from a floating franc? If they believe their own rhetoric about fundamentals, the currency may even appreciate on interest rate cuts designed to stimulate economic growth. The way to find out is to float openly or to set such wide fluctuation bands that the exchange rate is not a policy

Department of Economics.

University of St Andrews, St Salvator's College,

constraint. Mr Brittan suggests that the searching for correct exchange rates "is like looking in a dark room for a black cat which is not there". The French view of European monetary union compounds this problem by keeping the cat to guard against a German mouse which is not there either.

Nick Parsons, hend of treasury ndvisory Canndian Imperial Bank of Commerce, Cottons Centre Cottons Lane, London SE1 2QL

Wrong angle on a short-term problem

From Mr Gerald Park. Sir, Your odd-angled, close-up photograph of machinery (Fehruary 15, page 7) is about as fair and sensible an illustration of "unsightly opencast mining" as a below-therim photograph of an unflushed lavatory would dem-

onstrate the poor quality of bathroom decor and design. The serious eovironmental problems of deep mining should not be ignored. These include the disposal of colliery spoil, subsidence, and the need for high-level equipment. By contrast, the comparatively

Gerald Park.

short-term disturbance arising from opencasting is followed by restoration which often recreates landscapes that have disappeared as a result of long-term agriculture.

via Hilliam

FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Thursday February 18 1993

Clinton's state of the union

MR CLINTON is not the first and will not be the last - elected politician to abandon what he promised during an election campaign. Nor is he the first to give as his excuse the unexpectedly dire state of the public-sector finances. The Republicans hope that voters will hlama him for abandoning his "middle-class tax cut". Certainly, Mr Clinton is taking a gamble in the tax increases he now proposes. He bought votes on the basis of promises he knows he ought not to keep. But what matters most is not whether Mr Clinton's lips were worth reading during the campaign. It is whether they are worth reading now.

Mr Clinton is a Democrat. His economic plan represents a deci-sive shift from the last 12 years of Republican rule. Higher taxes are certain, with the planned increase amounting to well over 1 per cent of gross domestic product. But spending cuts are supposed to be greater than the planned increases in spending. It is not so much a case of "tax and spend" as of "tax and reallocate spending".

It is not the fact of higher taxe-

tion - \$240hn more over four years - that marks the change, it is also the nature of those taxes. Some 70 per cent of the increase in taxation is to be contributed by people earning over \$100,000 a year (£69,000). But tax increases year (£69,000). But tax meters are not restricted to "rich" individuals and corporations. Higher viduals and corporations. Higher taxes on energy, for example, will fall on virtually all Americans.

Meanwhile, spending is to be cut by \$250bn over four years, some \$80bn from defence, \$50hn from non-defence discretionary spending and no less than \$90bn from entitlements. But - mark the weasel words - spending reductions are to be phased in over time, while there is to be a \$160bn increase in "investment".

Deficit reduction

The bottom line is be a reduc-tion in the federal budget deficit from \$332bn (5 per cent of gross domestic product) in the current fiscal year to \$207bm (21/4 per cent of GDP) by 1997. Total deficit reduction is to be some \$500bn over four years, with the deficit in 1997 to be at least \$140bn below the Congressional Budget Office's forecast for that year. What makes this reduction in the deficit less plausible is the unnecessary net But many temptations remain.

stimulus of \$30bn in the first year The joy comes first; the pain comes thereafter.

Is the plan plausible? This plan is plausible only if the president can both obtain the tax increases and the control over spending that he wants. Plans for higher taxes will confront ontraged interest groups, perhaps even an outraged public. "His" voters may feel happy about tax-ing "the rich". They will be less happy about taxes on themselves. As for spending control, that can only be a hope. The president may propose, but Congress disposes.

Political courage

Politically, the plan is brave. Economically, however, it falls short of what is needed. At present, the US bas the lowest national savings rate of any industrial economy, bar Greece, and a federal deficit that absorbs 30 per cent of private gross savings. A faster rise in the US standard of living demands a marked increase in its rate of capital formation. For that the US needs a balanced hud-get, perhaps even a surplus. With-out one, Mr Clinton will fail to deliver on his promise of a transformed US. The need for a smaller structural deficit is greater still when increased taxes fall so heavily on those who save most,

Mr Clinton'a dilemma is that he believes in more public spending, hut bas also decided - quite rightly - that the structural defi-cit needs to be cut. Political realities mean that he can offer less deficit reduction than is required and less additional spending than his supporters desire. He is bound, in short, to make far more people unhappy than happy. Much politi-cal capital will he spent in selling a programme that still falls short.

Unhappily, the temptation for a Democratic administration that cannot deliver substantial spend-ing increases through the budget is to deliver them off-budget, instead. Costs can be loaded on businesses, via higher minimum wages, to take one example. Costs can also be loaded on consumers, via protection against imports. In the long term such changes could have dire effects on US employment and growth. Mr Clinton faces no easy choices. Though his budget plan may not be enough, it

is broadly in the right direction.

An overmighty president

THE CONSULTATIVE committee set up by President François Mitterrand last November, to consider reform of the French constitution, has produced a useful clutch of detailed proposals for updating and reforming the French constitution. None of them is dramatic; most of them are rather constructive; cumulatively, they should strengthen the position of the government, enhance the role of the parliament, and in general improve the democratic process. On the most central issue, however, the report is a disappointment; for the committee has

halked at two key queations: should the president's policy-mak-ing power be more clearly defined (and circumscribed), and should bis tlme in office be more On paper, the functions granted to the president are those of an ultimate arhiter above the political fray, in practice, every president since General de Gaulle has exercised dominant authority in foreign policy and defence; and as

a result of creeping presidentialism, there is now virtually no aspect of public husiness which is not subject to Preaident Mitterrand's influence. If the constitution has a serious defect, it is that the president's power is not merely untrammelled (because undefined), but also irresponsible (in the literal sense of the term) because it is uncontrolled. The committee walks gingerly round the issue, but leavee it in a fudge.

Shorter term

The power of the presidency is manifestly due partly to the length of the mandate, which is seven years renewable, and which allows the president to outlast any government. Many political leaders, including President Mitterrand, have argued for various forms of shorter term; but the committee was unable to agree on any aiternative.

These two shortcomings are regrettable. By most criteria. France has been (and continues to be) well-governed, and there is no serious justification for minority demands for a wholesale change of republic. But creeping presidentialism has contributed to the growing wave of popular discredit, which has affected both the image of the president and the reputa-tion of the political class. If President Mitterrand's popu larity is at a low ebb, It is both

because he is held responsible for the policy failures of the Socialist government, and because he stands aloof with all the trappings of an absolote republican monarch. If the Socialist party is unpopular, it is partly because of the combined effect of high unemployment and low financial scandais, but partly because parliament's reputation is necessarily depreciated by the tentacular power of the president.

Useful reforms

Despite having avoided the central issue, the committee has proposed some useful reforms. The legitimacy of new governments will be enhanced if they have to secure a parliamentary vote of confidence. The National Assembly should become more influential, if members are forbidden to double up as mayors of large towns or as regional presidents, and if ex-ministers automatically recover their seats in parliament. The political class may regain some popular respect, if it cannot twist the electoral aystem except by a two-thirds majority. Governments may pay more attention to public opinion, if MPs or even ordinary voters can mobilise popu-

At the end of the day, however, the committee seems content that France should continue to live under a presidential system, with all its advantages and all its disad-vantages. So far the system has proved remarkably resilient, but it may be severely tested if the March general elections produce a serious political conflict between an ageing president at the tail end of his second term of office, and a combative conservative government with a 200-seat majority in

parliament. The issue of the presidential mandate is not closed, however. A draft law for reforming the constitution will be laid before the Senate some time next month, and it will obviously follow the recommendations of the committee. But the new conservative majority in the parliament which will be elected in March, could wall impose an amendment to shorten the presidential term.

or Napoleon Bonaparte, the island of Elba represented a brief period of exile before he moved on to greater glories. For Mr Hayao Nakamura, the Japanese manager who today takes over as managing director of Italy's Ilva state steel group, the company could be the stepping stone to a bigger corporate crown, or the unenviable termination of an

impressive career.

Iva – the Latin name for the iron ore-bearing Mediterranean island - was supposed to mark a fresh start for the state steel indus-try after the collapse of Finsider, the former public-sector steel giant, out of which Ilva was born in 1988. Instead of rising from Finsider's ashes, Ilva has staged a remarkable replay of its demise. It has been trapped in a downward spiral of rising losses and soaring borrowing, estimated to have reached L8,300bn

(£3.78bn) last year.

Many of the problems at IIva,
Europe's fourth-biggest steel maker after Usinor-Sacilor of France, British Steel and Thyssen of Germany, are common to the industry. Prices in Europe have dropped by about 30 per cent since 1989 as a result of recession and oversupply, notably because of cheap steel imports from eastern Europe. Last month, the outlook worsened with the threat of US duties on European steel.

Yesterday, the European Commission proposed a restructuring plan for the EC's ailing steel makers in return for financial aid of at least Ecu480m (£394m) to help cover social costs.

An Ilva spokesman welcomed the Commission's suggestions for action against what he called "sus-pected dumping" of eastern Euro-pean steel in the EC. However, he warned that "capacity cuts by EC producers must be accompanied by measures to alleviate the accial impact of the joh losses involved".

Ilva is likely to remain one of Europe's weakest producers, how-ever. "It is in an appalling mess," says Mr Jonathan Aylen, a lecturer in economics and steel industry specialist at Britain's Salford University. "If you take indicators such as labour productivity, product quality or innovation, Ilva is very much in the second rank in Europe."

In 1991, Ilva lost L504hn after minority interests and setting aside LAllbn in extraordinary gains in a special restructuring fund. Recently its financial decline has become alarming with losses of L1,750bn in the first 11 months of 1992.

Last month, IRI, the Italian state holding company which controls Ilva, decided to draw the line. Shocked by the deterioration in Ilva's earnings - IRI had been fore-casting a much lower Ilva loss of between LL 000bn and LL 300bn as recently as early January - it demanded the resignation of the steel maker's board of directors.

A battle on the Italian front

Haig Simonian on the wide-ranging problems facing the new Japanese boss of a European state steel group

The following day, it appointed Mr Nakamura, a former Nippon Steel executive, to the top job at Ilva.

While the group's problems are symbolic of those facing most European steel makers, they are also a legacy of Italian state intervention in industry, where investments and strategic husiness decisions have been made as much on political as on commercial grounds.

Under the government of Mr Gul-liano Amato, which came to power last summer, the Italian authorities have demanded that public sector companies improve their financial performance. The government's sweeping privatisation plan is vital to lowering Italy's hudget deficit, which at L163,150hn last year equals almost 11 per cent of gross domestic product. Where possible, profitable state enterprises such as the SME foods group have already been put np for sale. In the case of acute loss-makers such as five, financial restructuring and management changes represent the first steps toward improving earnings and

encouraging private investment.

Last month's decision to seek the resignation of liva's former board of directors and choose a foreigner as managing director was an indica-tion of Mr Amato's determination to minimise the influence of political considerations in industrial declsion-making. Top management changes at Iritecna, the loss-making state-owned civil engineering and contracting group, suggests a simi-

lar strategy is under way there.
The choice of a foreigner at Ilva
was nevertheless unusual; the selection of a Japanese executive is unprecedented in one of Europe's most protected markets. But the appointment of Mr Nakamura indicates IRI, struggling to reduce group debts of nearly L70,000bn, is determined to sort out its wayward steel subsidiary.

Mr Nakamura has impressive credentials. At 56, be has a solid background in the steel industry, most recently as Nippon Steel's Italian representative. Having lived in Italy for almost 30 years, be knows the country and language well.

He is also one of a handful of Japanese businessmen who under-stand Italy's state sector. Mr Naka-mura, who takes over today spent time in the 1960s as the Rome representative of Japan's Ministry of



In the 1970s, he worked closely with Finsider on the expansion of its vast Taranto integrated steel works, still Italy's biggest but now a big drain on Ilva's resources. Later, he advised on the development of the Novi Ligure facility.

In spite of his qualifications, observers are asking how Mr Naka-mura will better the performance of his predecessor, Mr Giovanni Gambardella, in addressing liva's problems when most of Europe's steel makers are losing money.

Mr Gambardella is blamed for

many of Ilva's woes. He initiated its L1.500bn acquisition drive, which expanded its activities from basic steel making into more value-added and specialised products, such as coated steels for consumer durables. The strategy, however, drove up debts. Group borrowings snrged from L3,500bn in 1989 to L6,300bn at the end of 1991.

He is also accused of failing to control costs, although such attacks are harder to sustain in view of his success in closing 15 ex-Finsider plants, transferred to Ilva after 1968, and selling as many again. in the same period, the workforce was reduced by 30,000. The cnt was "quite an achievement", in view of Italy's tough labour laws, admits one IRI executive. But with carnings steadily deter-

iorating, the pace of cost-cuttiog was not quick enough, say Mr Gam-bardella's critics. Last November, IRI gave fiva's former management a mid-1993 deadline to prepare a oew restructuring plan. It is up to Mr Nakamura to finish the task.

Speaking in Tokyo this month, Mr Nakamura indicated he would follow two paths to return Ilva to profit within three years. First, he hinted at further job cuts, notably at Taranto, and implied be would not seek consensus with the group's unionised workers at any price.

Second, he hinted he wanted to change attitudes at the steel group. Ilva had some of the world's most modern plant - much of it built in collaboration with Nippon Steel but suffered from weaknesses such as poor quality, bad marketing and unreliable delivery times. The three had fostered excessive wastage, inadequate attention to customers and lax financial controls. Improv-ing such faults would require a greater sense of commitment from the workforce, he suggested.

oining the group as a rank outsider may help Mr Naka-mura take painful decisions on further redundancies and closures. "He has to do for Italian steel what Ian Mac-Gregor [then chairman] did for British Steel about 10 years ago," says Mr Aylen, of Salford University. But failing a surprise upturn in demand, It is hard to see how much extra room for cost-cutting Mr Nakamura will have. Mr Nakamura dismissed sugges

tions that his appointment marked a hridgehead for Nippon Steel to purchase a stake in IIva or mount an outright takeover, although he left the door open for closer techno-

Above all, he echoed Mr Gambar-della in stressing Ilva's need for fresh capital to reduce borrowings. Last year, Ilva's former bosses openly discussed gaining a stock market quotation - and access to fresh money - by buying out minority shareholders in its Dalmine tubes subsidiary and merging the two companies.

That may still be on the cards,

although the move will depend oo first transferring the bulk of Ilva's dehts to a separate company to make it more attractive to investors. A similar manoeuvre took place on Ilva's birth, when Finsider was retained as an empty shell containing about two-thirds of the group's L9,000bn debts.

Just possibly, Mr Nakamnra's arrival at Ilva could persuade outside investors that the company has the potential to be an interesting recovery stock. Contacts with foreign bankers had already taken place under the previous management. But before outsiders offer to help, the group will first have to show it is willing to tackle its problems fast and effectively.

Europe's 'nervous system' out of kilter



tiona bas become of modern society; husiness and industry today are increasingly dependent on the instan-PERSONAL taneous transmis-VIEW sion of information

in all forms. Social life and family life also rely heavily on the telephone; new technical developments will make these servicea even more important for Britain's industrial competitiveness and quality of life.

Many advanced economies of the world have recognised the need for efficient technical and service innovation in telecommunications. They see the need for an environment in which new ideas can be brought to market without interference from state hureaucracy, public financing policies or defensive monopoly thinking. But in most of Europe,

similar progress has not been made. The European Commission has made valiant efforts, culminating in

Telecommunica- its Telecommunications Services Directive in 1990, which set out to open up the market for all services, except public voice telephony. But competition, in practice, is still rare. No member state, except the UK and, to some degree, France, has effectively implemented the

directive.
This is in stark contrast to the countries which have onted to expose telecommunications operators to competition and open up their markets to private secto investment. Britain, the US and Janan have led the way, followed by Australia, New Zealand and Sweden. The results have been startlingly successful. Services have proliferated: new market entrants have multiplied; customers have learned to provide services for themselves and sell them to others; prices have fallen while the market has grown. Quality has improved

In Europe, meanwhile, current Community policy is still that public voice services (overwhelmingly ths most important) and the owner-

out of all recognition.

ship and running of network infrastructure are "reserved" for state-

controlled national monopolies. Ordinary customers, many illserved by the local monopolies, have yet to grasp fully what they are missing. Member states have recognised the needs of Europe by calling, in the Maastricht treaty, for trans-European networks, tran-scending national boundaries and

The Commission should now legislate to open up the telecoms markets across the board

providing Europe with the needed seamless networks and servicea. But they are reluctant to face up to the implications - that private capital and private enterprise, competing right across the Community, are needed to achieve this end.

Last antumn the European Commission issued a consultative document suggesting four possible ways forward: to do nothing; to regulate monopolies far more intensively at the European level, to force them to improve their performance; opening up of all markets; or, more modestly, opening up just cross-frontier

Many still pray fervently for the first option. No one seriously advocates the second. The fourth is hetter than nothing, but it would have widely differing effects on the markets in member atates according to their size and location and it presents formidable problems of definition and enforcement.

networks and services.

In fact, the Treaty of Rome has recognised, since 1958, the presump-tion that commercial activities should be carried on in a free and open market and the third course is the obvious way forward.

There is one possible objection: existing operators are required to provide universal service and incur substantial losses in doing so. Competitors would exploit the higher prices inevitably required in the

But experience in the UK and else where shows that it is quite possible to deal with this by financial means. The subsidy should be reduced as far as possible by pro-gressively aligning tariffs to costs. For any residual subsidy either government should foot the bill or, perhaps more realistically, new competitors should bear their fair share of the burden. This is clearly possible: indeed, it has been done (imperfectly, hnt quite successfully) both in the UK and in the other liberalised countries of the world. In BT's view, the commission

should legislate, now, to open up the markets across the board. The world is moving quickly and action to build on the new laws will be difficult and take time. Europe is falling behind in its "nervous system". Indeed, it may well already be

Iain Vallance

unsubsidised part of the market. The author is chairman of BT

OBSERVER

ACME HOSPITAL BEDS No

Stony road for gumshoe

■ Nyet a rouble. The Russian government has still had nothing back from its relationship with America's ace sleuth Jules Kroll, despite 12 months' work and a \$1m down-payment. But whose fault is it?

Kroll, hired by Moscow a year ago to hunt millions of dollars spirited out of the country by the Communist party and tax-shy trading outfits, has found the tracking task far stonier than his previous forays in recovering the ill-gotten gains of third world dictators.

his being denied any clear line of communication with the Russian authorities. Moreover, public prosecutor Valentin Stepankov has said that. apart from his own office, his country has failed to provide the hitherto golden gumshoe with the feedback he required to continue

He says he hasn't given up hope.

hlaming the lack of progress on

his searches in the west. On the other hand, complaints about the usefulness of Kroll'a work so far have been voiced by Mikhail Gurtovol, who lost his job as head of the anti-corruption commission with its disbanding last week by President Yeltsin.

The task has now been handed

to the vice-president, Alexander

Rutskoi, backed by continued

probing by the president's own government inspectorate. Even so, Stepankov has been calling for the setting up of a replacement commission.

The tangled web surely testifies

that, here again, Russia's new authorities lack the political will and efficient management needed to crack a serious problem. Nor is solving it made any easier by lonsy civil service pay and enduring state control over most assets.

Stage floor

■ The dealing room at Smith New Court has always prided itself on being the slickest - and the most cut throat - in the City, rarely giving an inch, let alone a pound

So RSC director David Thacker, toying with the idea of setting the Barbican Theatre's planned production of The Merchant of Venice in modern dress in the City, deputed designer Sheelagh Keegan to check it out. Her task was to see if the Square Mile really is a good substitute for the Rialto. Even though obviously enthrailed

as she photographed away with shooting dealers seething around her, she eovisages difficulties in translating the characters to lit the present day City. One problem is how to treat Shylock's Jewishness, although

she stresses that he is by no means

an unsympathetic character. "This

is a play about racism, not

antisemitism." A further misgiving is that she sees him as "more of a banker than a dealer".

On the credit side, the shipowner Antonio could surely be converted into the man from Lloyd's. What's more, a lot of the ladies who cater for executive diners nowadays seem to be called Portia (even if they don't necessarily drive one - Ed.).

Rankers ranked

As a riposte to newspapers' enthusiasm for publishing performance rankings of educational establishments, the UK's most pukkah public schools

have turned the tables hy producing a ranking of journalists who cover educational matters.

The counterblast, appearing in the schools' trade magazine Conference and Common Room, rates the press pundits on five criteria: accuracy, balance, educational attitudes, delivery and enlightened reporting.
Oddly enough, not all of those
named appreciate the results. One,

for example, rebutted the criteria as being too narrow, which, ironically, is a criticism schools often make of newspaper tables in which they fare poorly.

The Financial Times - which pioneered such rankings in 1970 with its annual table of university graduates' job-market performance - came in fifth

Kilduff was here

■ Anyone puzzling over the true significance of the juggler that forms part of Transport Development Group's corporate livery might be forgiven for concluding it had something to do with chief executive Alan Cole's profligacy with finance directors. He will soon be on his fourth in

just over two years. First an early retirement, then a promotion, and now a "mutually agreed" departure of Paul Kilduff who set foot in TDG only last August... Shareholders can be forgiven for wondering why Cole's finance directors are coming and

going more frequently than the company's annual report and

Could it have anything to do with Cole's fancy Harvard Business School uphringing? "He does have a tendency to work everything down to a Venn diagram," was the assessment of one less than generous City analyst.

Home to roost ■ A fresb challenge to animal

trainers has just been thrown down by the Church of England's general synod - how to house-train bats. Protected by the Wildlife and Countryside Act, they are also favoured by vicars who mostly like to have them in their rafters, if not belfries. Alas the welcome they've been given is now coming home to roost, with worshippers

complaining of the fall-out. The "unpleasant excretory consequences" are a growing problem, the synod was informed by Canon Michael Saward of St Paul's Cathedral.

Cell out

■ New Zealand's officialdom has apparently written an unintended escape clause into new building safety rules. Police are seeking government advice after discovering that any prisoner they lock up must now be handed the cell key in case of fire.



Bakery has found little to toast

Unemployment has hit the east Berlin corner shops, writes Judy Dempsey

BRIGITTA STRATER has seen better days. "Before the Wall fell, I was selling 450 white loaves and 600 mixed loaves a day, Now I am selling about 20 white and 90 mixed loaves. People aren't huying that much any more. It's not because my prices are too high. It's because of the unemploy-

Her small, hrightly lit bakery is in Köpenick, once the pulse of east Berlin's industrial beartland. Before 1989, more than 25,000 men and women worked in the region's six biggest factories. Today, fewer than 5,000 have

In the space of half an bour, on a bitterly cold and snowy morning, all the customers who passed through her shop were unemployed, except for Heinz, "I have a job, over the road with BICC," he said, pointing across to the large 19th century cable factory which the British-based BICC bought earlier this year.

"I am lucky. The managers know what they are doing. They said they will make the plant competitive with other big German firms. There's some hope for me." he said.

Heinz, an electrical engineer, earns DM1,800 (\$1,084) a month. dards, but high by eastern ones. He says he can get by.

I know everyone is complaining about the price rises, especially for housing. You know we are losing all our subsidies. I now pay DM600 for my flat, a rise of DM250. And the flat hasn't even got hot water, But I think I would settle for johs rather than a higher income at the moment."

His remarks provoked a lively discussion in the bakery, "Are you crazy?" shouted Andreas. The unions said we could get the same wages as the wessies [the term used for west Ger-

Andreas used to work in a small tool shop, close to the cable factory, but is now unemployed. The shop closed down last year. No one would huy any of our stuff. The unions said we would get 26 per cent more this year. We need the money."
"And then what will happen?"

said Heinz. "There will be even more unemployment. We have to make compromises, at least for a short time. We are talking about getting our country off the

ground. Frau Strater, dressed in her big, white baker's apron, said it

low by western German stan- was time for everyone to make compromises. "The old structures are dead. We have to start all over again.

She added that IG Metall, Germany's giant engineering union which is holding arbitration talks with the employers' association in the five east German states in order to secure a 26 per cent rise for its members, would have to settle for less. The people want to work. Jobs will come here eventually. But we can't keep asking for more and more."

"I am not asking for more, I only want my job back," said Irmgard, a 26-year-old with a three-year-old daughter. After maternity leave, which was generous under the former communists in east Germany, Irmgard returned to the Berlin Plastikwerke, her employers, last March.

"They said my place was no longer guaranteed. I now have DM600 a month to live on. I am angry. I'm not looking for the higher wages. I am looking for work." Every day, Irmgard comes into the bakery and flicks through the Berliner Zeltung. "Something has to turn up," she

In a nearby smoke-filled pub.

young men were downing litres of beer by eight o'clock in the morning. Henry, 22, a truck driver, kept criticising the unions. "They should get us more money," be said. His drinking colleagues said they didn't really care about the unions. "I'm telling you. We are finished if we lose our jobs," said Gerhard, 43, a driver for Coca-Cola.

Ont in the streets, which three years ago were full of activity, Cornelia was hurrying to work across the River Spree to west

Until last year, Cornelia, 49, had worked as a nurse in an old people's home in east Berlin. "I could have stayed there. But the money is better in the west. I now earn DM3,000 a month. I consider myself lucky on one level But also I got up and did some-thing about my situation. We can't keep moaning. We can't keep demanding higher wages if we are not producing anything. Eventually, things will get better bere, and in the rest of Germany. We have to make it work," she

> Bundesbank rejects further rate cut. Page 2

THE LEX COLUMN

Budget shopping

Mr Norman Lamont continues to give every impression of succumbing to short termism. When the last set of retail sales and unemployment figures turned out disappointing, his kneejerk response was a full point cut in interest rates. Yesterday's improved retail sales figures for January prompted a quick assertion that there s now no room for more. Perhaps today's employment data will support that stance. But it will be awkward if next month sees another run of poor figures. Mr Lamont cannot easily

change his mind again.

It is not as if business on the high street is booming, January's 1.6 per cent rise in retail sales after December's 1 per cent fall points to faulty seasonal adjustment. The underlying trend shows only modest growth. Sales in the three months to January rose only 0.2 per cent over the previous three months. The main advance came from department stores able to offer large discounts and from food stores. If last Friday's inflation figures are anything to go by, demand was not strong enough to allow the latter to raise their prices much despite the devaluation. The basic message remains the same: consumers are prepared to spend, but not on credit and

only if there is a price incentive.

That should not tie the chancellor's hand. The real constraint is selfimposed. After a succession of warnings from the Bank of England, Mr Lamont has felt obliged to play along. But he may have deprived himself of the opportunity to announce a rate cut in the hudget - unless he is also planning some painful fiscal tightening.

UK accounting

If the Accounting Standards Board gets its way, that large portion of UK companies currently floating off-bal-ance sheet will soon come back into view. Its latest proposals are admirably clear; companies should show assets and liabilities on the face of the balance sheet if they enjoy economic benefits or face risks. In theory, the market should then be able to assess the real rate of return on assets and the true extent of gearing. Whether the ASB has done enough to frustrate the financial engineers remains an open question.

The tighter definition of a subsidiary introduced by the 1989 Companies Act has already put a stop to the more obvious abuses of off-balance sheet finance. Yet complex sale and repurFT-SE Index: 2814.0 (+1.8) **UK housebuilders**

too common, notably in the leisure and property sectors. The ASB insists such assets should be shown in the main accounts if the option to repurchase is likely to be exercised. That will be open to interpretation. One can only hope the combination of plain language and explicit examples will be enough to hold the line.

The ASB deserves credit, though, for backing away from rules which would have stopped banks taking assets off-balance sheet by securitising through the capital markets. That would have placed the UK financial sector at a competitive disadvantage. Yesterday's draft marks a common-sense comprumisc: hanks will have to show all assets on the face of the balance sheet. but can include a figure net of securitisation alongside. Purists might complain at this proliferation of categories. But a treatment which accurately reflects the transfer of risk and the retention of reward is the kind of innovation the market should welcome.

Oil prices

It seems that Opee's feet were not sufficiently close to the fire when the cartel met in Vienna last weekend. The rebound in the oil price since Christmas reduced pressure on producers to announce convincing cuts. Four days of discussion to patch up an agreement will hardly persuade the market that the cartel really intends to make cuts, Indeed, with Saudi Arabia's production 45 per cent higher than before the Gulf War, its apparent reluctance to trim gives a poor lead.

Perhaps most Opec members are maintaining their market share

ted to the world market. But unless attitudes change and quotas are more atrictly enforced, crude prices are likely to languish. That gives little support to the big oil companies who have also seen their refining and marketing operations squeezed by the world recession.

With revenues under pressure, US companies have switched to cost cutting as a way of boosting earnings and the habit is spreading. It will be interesting to see how much of these savings the oil majors can hang on to, and how much leaks away in competitive market pressures. Given the over-capacity in refining and chemicals, the omens are not good. Highly geared companies are thus exposed. They may have better recovery prospects once growth resumes, but with Europe and Japan in recession and the US recovery hesitant, the likes of BP face an endless climb without fresh equity.

Bellway

The recent flurry of evidence hinting at a housing market recovery is rapidly developing lato a storm. Yesterday, Bellway echoed the experience of other househuilders by revealing a 50 per cent increase in reservations since the start of the year. Low interest rates and cheap and steady house prices finally appear to have stimulated the market, particularly for first time huyers.

Doubts must remain about whether the upturn in activity can be sustained. Unemployment is still growing and negative equity constrained demand. While Bellway was happy enough to call the turn, its cautious management was only prepared to back its bunch with other people's money. Its E33.6m cash call certainly looks cheeky. With cash of around issue, Bellway could easily have geared up with bank borrowings.

Nevertheless, such opportunism highlights the relative strength of nimble second tier housebuilders. Bigger competitors, such as Tarmac, are too financially constrained to fund much expansion. Investors, who have bid up the construction sector by 20 per cent in the past three months, may worry about increasing their exposure by backing the string of rights issues which will doubtless follow. Or they may see plenty more room for recovcry. The 80-odd construction stocks still have a combined market value of less than £4bn. That is about the same chase agreements using options are all — against the day that Iraq is re-admit——as Argyll or National Power.

The bank where gold ingots grow by 8 per cent a year

Victor Mallet on a gold account that really glitters

IKE MUCH conventional wisdom, the belief that gold never earns interest is wrong. You can earn as much as 8 per cent annually hy adding 80 grammes to each 1kg bar every year; but to achieve this, you have to take the gold to Phnom Penh and deposit It in a small Cambodian hank called Canadía Gold and Trust Corpora-

Asked how he can pay 8 per cent interest on gold deposits, Mr Pung Kheav Se, the general manager, gives a banker's answer: he lends out the gold at 18 per cent. 'Gold," he says, "is accepted by everybody."

The unusually high status of gold as a medium of exchange in Cambodia is the result of more than two decades of war and financial chaos.

Cambodians know that the riel. the local currency, has a tendency to plummet in value, and they remember that the guerrillas of the Khmer Rouge, who seized power in 1975, abolished money during their reign of ter-

Mr Pung, a Cambodian of Chinese ethnic origin, was a businessman in Phnom Penh when the Khmer Rouge took over and force-marched the inhabitants of the capital into the countryside. After three years of working in the rice paddies and hiding his bourgeois origins, he took refuge in Thailand, eventually emigrating to Canada (bence the bank's

Canadia Gold and Trust, a joint venture in which Mr Pung's family holds a 70 per cent stake and the central bank the remaining

tion in Hong Kong, puts it through a mill and, with the authority of the central bank, issues gold bars in the traditional

Cambodian weights. Jewellers in Phnom Penh's busy central market display the bars alongside the watches and gold necklaces worn as a form of security hy a people unable to shake off the fear that they may

'Cambodian property owners don't worry about the US dollar. They compare gold and riels . . .

one day have to flee at a moment's notice. Gold, Its price in dollars and in fast-devaluing riels set daily by a group of ethnic Chinese traders, s routinely used for the purchase of property in Cambodia and for ctions involving local products such as tobacco or beans, although it has lost out to the US dollar as a means of paying for

"Cambodian property owners don't worry about the US dollar," says Mr Pung. "They compare gold and riels... so they always think they are making money. Mr Pung says Canadia has

imports.

issued \$80m worth of gold since December 1991 (there was a surge in demand at the peak of the property boom last year), but the

Cambodia is much greater. Hun-

Mr Pung imports 25kg boxes of dreds of kilogrammes are flown gold from Swiss Bank Corpora- in tax-free every month and in tax-free every month and smuggled into neighbouring Thailand and Vietnam tn avoid import duties in those

> Inside Cambodia, soldiers serving with the United Nations ekeeping forces, particularly from the Indian subcontinent where there are curbs on gold imports, are just as eager as the Cambodians to huy gold. Some of them bave it made up into chunky bracelets so they can take it home unhin-

The overall effect of the UN presence, however, has been to undermine the gold market hy flooding Phnom Penh with cash dollars; dollars are more liquid and more convenient to carry than gold, even if they are easier to counterfeit

When Mr Pung opened Canadia in 1991, half his husiness was in gold and half in dollars. Now dol-lars account for about 75 per cent of turnover, gold for 22 per cent and riels for 3 per cent. (Canadia pays a remarkably high 8.5 per cent interest on dollar deposits lending dollars at a much higher rate to local property developers).

But Cambodia's chronic instability, and the departure of most of the 22,000 UN aoldiers and civilians after elections in May, may secure a place for gold in the country's domestic husiness deal-

"The gold market will continue in the future unless the government issues a law not to allow the circulation of gold," says Mr actual amount that has come into Pung. "I don't think they will do that."

Heseltine to visit Brussels

Continued from Page 1

coal beyond 1995, Mr Van Miert has said be will press for a reduction in the level of indirect aid granted to the British nuclear industry. That could present problems for the government, which wants to change current plans for the nuclear industry as little as possible.

British and Commission officials in Brussels said yesterday that a firm date had not been fixed for Mr Heseltine's visit. Much will depend on whether he wants to consult the Commission hefore or after presenting his draft plan to the UK cahinet. Mr Van Miert and Mr Abel Matutes. EC energy commissioner, are jointly responsible for approving the British plan Mr Matutes is anxious to avoid penalising the EC's most efficient plts by ham-

pering rescue efforts.

The Commission competition authorities are also believed to have considered reviving antitrust probes into medium-term contracts in the UK electricity industry as a means of putting pressure on the British govern-ment over subsidies. British officlais dismissed such threats this week, saying that the liberal thrust of UK energy policy was in line with Commission thinking. "Everything [the Commission] has said to us suggests there will be nn problem [with the Heseltine plan]," said one.

Commission energy officials argue that Brussels could not formally block a five-year state aid plan for the British coal industry, because UK pits would qualify for subsidies under current BC

 A high court judge is expected to rule today on union claims that British Coal is failing to comply with a previous ruling on consultation over 10 pits earmarked for early closure.

ithout us, fould be fewer n connections.

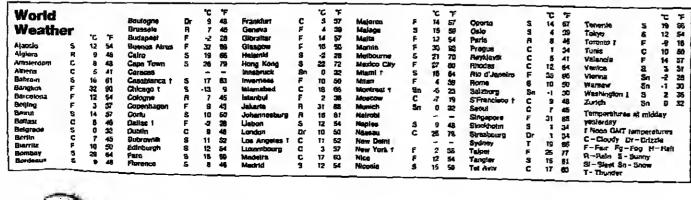
Bundy continues to add to its network of French plants producing fluid carrying systems, making its entence with the major French car manufacturers even more cordiale.

This carefully planned expansion of Bundy sites close to Cirroen, Peugeot and Renault assembly plants will enable over 15 million brake and fuel lines to be supplied this year on a "just-in-time" basis, 8 times a day if necessary. It adds significant value to the service which Bundy provides to its customers: the constant supply of systems keeps assembly lines motoring smoothly.

Bundy is one of Ti Group's three specialised engineering businesses, the others being Dowty and John Crane. Each one is a technological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers. Worldwide.



WORLD LEADERSHIP IN SPECIALISED ENGINEERING

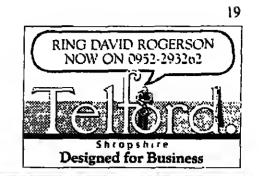


FINANCIAL TIMES

COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1993

Thursday February 18 1993



INSIDE

Degussa up 14% after cutbacks

Rigorous cost-cutting and heavy demend for dental work ahead of reforms to the German health system helped Degussa, the Germen maials, chamicala and drugs group, lift first-quarter profits by 14 per cent. Pre-tax earnings umped to DM49m (\$30m) In the three months to the end of December, compared with the "week" DM43m last time. Page 20

Fragile accord for Opec



The fragility of the egreement by the Organisa ilon of Petroleum Exporting Countries to cut second-querter output was signalled clearly by Mr Ali al-Baghii, Kuweit oil minister. Kuwait had agreed with enormous reluctance to cut production to 1.6m barrels per dey for the second quarter. Any cheating elsewhere meant Kuwait would immediately pump to what it claims will be 2.1m b/d capacity. Page 26

RTZ shares slip after warning

Sheres in RTZ, the world'e biggest mining company, fell eftar it revealed its 1992 results would include cherges of £52m (\$73.8m). Low prices were forcing RTZ to curtail operations et ts 54 per cent-owned Greens Creek mine in Alaska, the biggest allver producer in the US.
Page 24; Market, Page 27

Drders boost Hewiett-Packard lewlett-Packard, the US computer end elecronics menufacturer, saw higher then expeced eerninge in the first quarter - the first linca Mr Lewis Plett succeeded Mr John 'oung as president and chief executive. Earn-ngs were \$261m (\$30m loss). Page 21

Canon rides on peripherals

strength in computer paripharals halped lanon, the office equipment end camera man-facturer, achieva a 1.3 per cent pre-tax ncraase to Y77,13bn (\$637m) as turnover lippad. Carion axpects a modest improvament n sales and profits this year on the back of a econd-half racovery. Pege 22

atin America wins and loses

jeveral emarging merkets saw strong perfor-nances. In Latin America, Chile led the way, ar outperforming the region in doller terms. lowever. Latin America also saw the worst performar in January as Vanezuele fell more han 18 per cent in doller terma. Back Page

Market Statistics

T-A indices
T-A world indices Sack Page
FT fixed interest indices
23
The bond syc 23

London share service Lifte equity options Lifte equity options
London tradit options
Managed flund service
Money markets
New int. board issues
World cummodity prices
World cummodity prices
UK dividends amnounced

Low & Bonar Menvier-Swain Mersey Docks Metaligeselisch

New Zealand Inv Tat

Nippon Steel Norgeskreditt North American Gas

Companies in this issue Abbay National Aminex Anglian Water **BF Goodrich** Baring Tribune

oota rown Shipley Jurus Philip Cable and Wireless

Nykredit Okobank Owners Abroad Petersburg Long Dist Péchiney Péchiney Postipanikki PowerGen RTZ 27, Ahône-Poulenc Seal Sanctuary
Shoprite
Skopbank
SmithKilne Beecham 24 Sudwestdeuts Teleglobe Throgmorton Tal URS Inti Ugine Wellcom Westcoast Energy Westdeutsche Land Wimpey (George)

Chief price changes yesterday

10 15 18.5 15 644 + 24 544 + UAP 259.7 + UFB Located Ascertag 77
NEW YORK (3)
Rises
Alcos
Hextett Fackand
Motorala 390 meta Calityo Patts
Amgen
Bristol-Alvers
US Healthcare
PARTS (FFT) 874 112 Rives Bancate Cia 23 4769

LONDON (P 365 365 99 35 255 2563 133 74 1 23 + 166 + 76¹/₂ + Carrier Cards Dart Group Darke Heel Elect Data

Rhône-Poulenc foresees full privatisation

By Paul Abrahams in Parla

RHONE-POULENC, the chemical group in which the French government holds a 43 per cent stake, yesterday raised the possibility that it would be fully priva-tised soon after the elections in March when the Socialist govern-ment is expected to be defeated. Mr Jean-Pierre Tirouflet, finance director, said that if, as he expected, the new government sold its entire stake, the privati-sation would be worth between

also raised the possibility of e simultaneous rights issue to reduce the group's debts, currently FFr33.7bn. Announcing Rhone-Poulanc's full-year results, Mr Jean René

Fourtou, group cheirmen, warned that the state of the European economy was worse than during the 1973 oil shock and would abow no signa of improvement until next year at Operating income rose 8.1 per

FFr12bn and FFr15bn (\$2.6bn). He cent to FFr6.7bn but sales dropped 25 per cent to FFr81.7bn, with all divisions epart from health registering falls, Mr Fourtou predicted the group's profitability would increase over the next three years.

Net dsbt to equity, which Rhône-Poulenc had predicted last year would fall to 70 per cent, rose to shout 80 per cent, or FFr33.7bn. The group benefited ments from FFr3.4bn to FFr3.2bn.
Operating profits from health

activities increased 16 per cent to FFr5bn. Turnover rose only 4.2 per cent to FFr30.5bn, because of disposals and adverse exchange rates. The agrochemicals division saw operating profits fall from FFr1.2bn to FFr900m. In volume terms, sales fell 8 per cent follow-ing fermers' concerns about reforms of the EC's common agricultural policy. Mr Fourtou said the reforms could cut the size of the European agrochemical mar-

ket by up to 30 per cent. The speciality chemicals divi-

987/88

sion reported operating profits up from FFr100m to FFr600m on turnover of FFr14.4bn (FFr14.8bn). The organic and inorganic intermediates division saw e 5 per cent fall in prices and operating profits fell from FFr800m to FFr500m. Operating profits at the fibres and polymers division fell from FFr700m to

Net earnings per ordinary share rose 24.7 per cent to FFr.25.6. The group is paying a dividend of FFr18 (FFr15.75).

Metallgesellschaft is selling assets and providing environmental services, writes David Waller

Clean break from acquisition strategy

Metallgesellschaft's turnover rises but profits fall

busch, chief executive of the Metallegesells r Heinz Schimmelchaft mining and industriel group, has pursued one of the most aggressive acquisition trails of any German company in the four years be has been chief executive. But now, in e turnround of this stretegy, the company is ebout to embark on e large-scale programme of asset sales.

As Mr Schimmelbusch announced last week, the plan is to sell non-core businesses to raise nearly DM1bn (\$600m) by the end of the next financial year. He is not saying which companies are for sale but he has been through the group's 258 subsidiaries and a list of potential targets has been prepared.
This strategic reorientation -

combined with a 40 per cent cut in capital spending this year follows two difficult years for the company. In the year to end-September 1992 pre-tax profits fell 23 per cent to DM245m, in spite of a 20 per cent rise in turnover to DM25.6bn reflecting acquisitions. in the previous year, profits had dropped 35 per cent from DM483m in 1990. The combination of the poor

figures and the switch in strategy raise fundamental questions about what Mr Schimmelbusch 48-year old Austrian who worked for a Wall Street investment bank before he joined Metallgesellschaft more than 20 years ago - has achieved during his time as chief executive.

"We diversified because we were about to lose our shirt, our last shirt," says Mr Schimmelbusch. "We had to get out! Five years ago, we decided that it was essential to reduce our dependency on low-value added cyclical commodities like zinc and copper and base our future on the commercialisation of the technology we had developed to clean up our own metals

Over the five years, the group has spent et least DM1bn on



leinz Schimmelbusch: hief executive smaller acquisitions. In addition, Metallgesellschaft completed one of Germany's largest corporate transactions at the beginning of last year with the DM1.45hn acquisition of the non-paper divi-sions of Feldmühle Nobel from Stora of Sweden. These include Buderns (beating equipment, building materials and stainless steel goods) and the Dynamit

The net result of the strategy is that via 88 subsidiaries in the sector, Metallgesellschaft has annual turnover of DM4bn in environmental services such as recycling, pollution control and dacontamination. This, Mr Schimmelbusch boasts, makes Metallgesellschaft the biggest environmental services group in

Nobel explosives and plastics

There is an endless market in eastern Europe," he says, confident that the move into environmental services was correct. He points to 12 de-sulphnrisation plants commissioned last year one in Ukraine, two in Russia, three in Czechoslovakia and six in Poland - which brought DM500m of revenue.

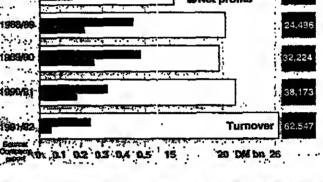
Environmental services may indeed he the market of the future, but for now profits from this area are not large. In fact, if the purpose of the diversification was to reduce the group's dependence on the cyclical base metals markets, it has not succeeded. Along came the next slump, and the group's profits tumbled as if there had been no diversification

91

"We would have sailed through the downturn quite bappily", says Mr Schimmelbusch, "had the former Soviet Union not broken epart. When wa were at the programme we were hit by a massive flood of imported metals from the former Soviet Union." He says that average non-ferrous metal prices have dropped

by \$200 a tonne over the past two years. "When you're producing 1.2m tonnes a year, this leads to a substantial amount of lost earn-Even without the influx of chean metals from the east, thera would have been problems. "The corporate hospital is always full,"

Mr Schimmelbusch seys. The sickest patient in this bospital is Kolbenschmidt, Metallgesellschaft's car components subsidlary. Exposed to the full brunt of the downturn in the world car



industry, Kolbenschmidt lost DM88.6m last year before tax. "We would have been able to compensate for this, for everything, if it had not been for the imports from the east," Mr Schimmelbusch argues. But be concedes that one big problem is of the company's own making.

Mr Schimmelbusch says he and his board were aware of the irony of a base metal producer - one of the world's dirtiest industries - setting itself np as a provider of environmental services. It was portant to bring the group's smelters up the highest possible standards of cleanliness. Now, the smelters look like "pharmaceutical factories, with people walking around in white coats".

his cost in excess of DM1bn over the past five years, money which Mr Schimmelbusch now admits was spent too hastily and in too large quantities. Customers have not appreciated the fect that their zinc or lead was produced in a more environmentally friendly way than a cheaper, dirtier version. Earlier this month, Metallgesellschaft said it would be closing its Ruhr-Zinc smelter for two months from the middle of April.

The time will come when all producers in Europe will have to meet the high standards set by Metallgesellschaft, Mr Schimmelbusch believes. But in the meantime the group has to concentrate on making itself more profitable and winnowing down its existing portfolio of

in the UK or the US, such a consolidation phase would often be seized upon as an opportunity to launch a hostile bid — especially as the stock market value lischaft's holding in other quoted companies exceeds its own market value of DM2 9ho "Some cold capitalist with no beart for the environment would make e bid and sell off the holdings," jokes Mr Schimmelbusch.

He is free from such pressures as 70-75 per cent of the company's shares are in the hands of safe, long-term shareholders such as Deutsche Bank, Allianz and Dresdner Bank. They, Mr Schimmelbusch says, are prepared to be patient. Anything bot patient, Mr Schimmelbusch jumps up and brings the interview to a close with a half-joke: "I have to go now and sell some companies to improve the group's profitabil-

Audi to cut production but extend brands

By Christopher Parkes

AUDI, the luxury car division of Volkswegen, is pressing ahead with its embitious development plans in spite of 0 sharp reversal of fortunes this year.

According to Mr Franz-Josef Kortum, 42, the company's new chairman, production will fall in 1993 by between 10 and 15 per cent because of falling domestic demand and the effects of the rise of the D-Merk on export

The slump follows the sudden end of the boom last year, when Audi made 492,000 cars - 9.3 per rent more than in 1991 and "a good, positive operating profit", Mr Kortum said. Full details would be announced in April, eithough be admitted

profits-to-sales retios hed Even so, projects for oew models to extend the brand's appeal et both the top end lower ends of the market remain on schedule. A flagship V8-powered car with eluminium bodywork will be launched next spring, to be fol-iowed leter in the decade by a new version of the Andi 50 at the

bottom of the range. The next main decision, which will be mede this yeer, is whether to start manufacturing in the US. The choice of sites is believed to have been narrowed down to Indiana or Kentucky. However, it is still possible that the hard-pressed parent company may choose the cheaper alternative of extending Its existing VW works in Mexico.

Mr Kortum, successor at Andi to Mr Ferdinand Piech who last month took charge at the parent group, is keen to rebuild Andi's reputation and position in the US market after years of decline. in Mr Kortům's view, a North American plant is important both to guarantee a place in the North American Free Trade Area (Nafta) and to ensure competitiveness with other Nafta-based

Andi sales in the US bave started to recover after falling from 75,000 in 1985 to around 12,000 in 1991. Following last year's increase to 14,800, there had recently been a "decisive npwards trend" of 30 per cent monthly growth, according to Mr Kortům.

Sales promotions, including discounts and special service deals, have also belped, but they have been made expensive by the recent depreciation of the dollar against the D-Mark.

Péchiney predicts 'mediocre' profits of around FFr200m

By Alice Rawsthorn in Paris

PECHINEY, the state-controlled French aluminium group which this week emerged as e potential investor in CarnaudMetalBox, the packaging company, saw net profits fall to around FFr200m (\$35m) last year from FFr820m in

Mr Jean Gandois, chairman, iney might be interested in buying the 25.3 per cent stake in Car-nandMetalBox owned by MB-Caradon, the UK building products group, described his group's performance as "mediocre" in an interview reported in Les Echos, the financial newspaper, yester-

International, the packaging com-

per cent stake, achieved healthy net profits growth from FFr842m in 1991 to around FFr2bn in 1992 because of net exceptional gains

of FFribn. The warning of the fall in Pechiney's profits comes at a time when it, like other French statecontrolled companies, is position-ing itself as a candidate for privatisation after next month's parliamentary elections.

France's conservative coalition, which has e clear lead over the socialists in the opinion polls, last week announced sweeping privatisation plans. Mr Gandois said that Péchiney "should be privatised" but not until its per-formance had improved and "the

Nasdaq to list Russian venture

FFr37.37bn in 1991 (this figure has been restated to allow for the sale of the group's nuclear interests in July). It broke even at the operating level in both the first and second half of 1992 and mede restructuring provisions of

Péchiney International was forced to set aside FFr600m in restructuring provisions, but still managed to achieve overall exceptional gains of FFribn because of the proceeds from asset sales.
Mr Gandois said that Péchiney

might consider increasing Pechiney International's capital to expand the business. He said that the parent company would be willing to reduce its holding in Péchiney International, but only to 50.5 per cent, as it intended to

price of aluminium is a blt However, he said that Pechiney Pechinay sew sales fall to FFr35.38bn in 1992 from pany in which Pechiney has a 67 retain control

By Richard Waters in London

ONE OF the faw eastern European ventures listed on e western stock market will make its debut today on Nasdag, the US over-the-counter market, and will shortly also be traded on London's Seaq International

share market. Petersburg Long Distance, which owns part of an interna-tional telephone system in St Petersburg, is thought to be the only publicly traded stock which gives equity investors a straight exposure to the Russian

The listings on Nasdaq and Seag International follow a move by one of the original investors to place its 29 per cent stake in the venture through Smith New Court, the London-based securities house, for \$24m.

50 per cent holding in PeterStar, a joint venture company partly owned by the St Petersburg city authorities. PeterStar, formed last year, is in the process of setting up an international telephone service aimed mainly at other western joint ventures and tourists in the area. It will charga customers in US

The company's system is already connected to St Petersburg's Grand Hotel Europe, and is expected to be linked to two other botels in the next two months. It is only the second international telephone exchange in the former Soviet Union, after Moscow's 10,000-line exchange.

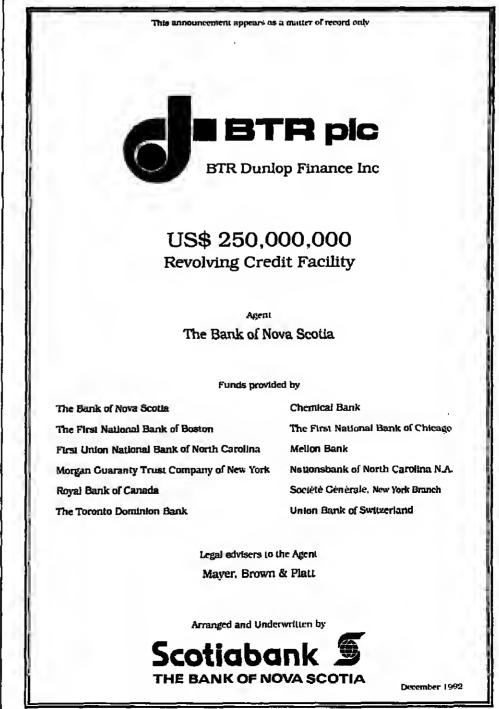
PeterStar chairman Mr Gordon

Owen, a former group managing

director of Cable and Wireless, said the project involved few technical or financial risks, and

that the main risks for investors were likely to be political ones. Shares in Petersburg Long Distance, which are already quoted on the Toronto stock market, have proved volatile in recent mooths. Since the venture was set np a year ago they have risen from a low of C\$5 each to a high of CS12. Earlier this week, they were trading et C\$9%, valuing the company - which expects to come into profit this year - at nearly C\$75m (US\$60m). The shares are held mainly by specialist funds which invest either in emerging markets or the tele-

communications sector. The venture joins e small group of Hungarian companies listed in Vienna, and just three listed funds investing in the region, as the only vehicles evailable to western stock market investors looking to unt money into eastern Europe.



Degussa up 14% on strong demand

By Christopher Parkes In Frankfurt

RIGOROUS cost-cutting and heavy demand for dental work ahead of reforms to the German health system heiped Degussa, the German metals, chemicals and drugs group, to increase profits by 14 per cent in its first quarter.

Pre-tax earnings jumped to DM49m (\$30m) in the three months to the end of December, compared with the "weak" DM43m last time, the company said in a letter to shareholders

Group sales, up 9 per cent at DM3.3hn, were bolstered by a 37 per cent increase from the fast-growing pharmaceuticals

EMAP and

Thomson in

\$29.2m deal

By Richard Gourley In London

publishing group, has sold 14

business magazines, three

directories and related exhibi-

tion interests for £20.65m

(\$29.25m) to EMAP, the UK

publishing group.

The sale comes a day after

Thomson in Canada eaid It

would be slimming down its

70-strong free newspaper busi-

ness in the UK. Mr Robert

Kiernan, managing director of

Thomson Information Ser-

vices, said an EMAP offer for

the businesses had "prompted

these were a strong portfolio

of major brands, we acknowl-

edged that the business had

moved away from TISL'e core

The sale leaves Thomson

with a handful of titles,

including Construction News

and International Financing

Review, plus a number of pro-

fessional tax and legal publica-

For EMAP, the acquisition

means a consolidation of its

position as one of the UK's

most substantial business pub-

lishers. With 65 titles, after

acquisition, EMAP'e business

publication sales will rise to

abont £70m, abont £30m short

of the market leader, Reed

International.

development area," he said.

"While still recognising that

a strategic review".

over from DM384m to DM527m. Even excluding sales from the newly-consolidated Arzneimittelwerk Dresden and the recently-purchased Sankin Industry, a leading Japanese dental supplier, turnover in this division rose 10 per cent.

The domestic dental business profited from extra demand created by impending health service reforms which will oblige patients to pay more for However, the reforms will

have a negative effect on sales and profits from the pharma-ceuticals business, which has grown rapidly to eccount around a fifth of total group

sales rise 9 per cent to DM1.66bn, including a 20 per cent increase to DM913m in turnover from precious metals, but "as in the previous year, there was a substantial loss", the letter said. Precious metals, meanwhile, showed improved

earnings.
Sales from the chemicals division stagnated at DM1bn, although earnings improved.

Analysts said the figures suggested that Degussa'e early start on rationalisation was producing fruit, and that its relatively modest dependence on the fading German economy

less than 40 per cent of sales
was also helping. The management has split the group

Flanders offers Fl 55m to Daf

short-term financing of Daf

The government of Flanders said the majority of its Fl 55m

capital injection would invoive

the Dutch and Belgian arms of

the proposed new Daf com-

pany. A smaller portion would

take probably take the form of

It said the Fl 55m figure

would represent 12 per cent of a total of Fl 450m in shareholders' equity needed to revive

Daf. Its equity stake would

give it input into policy at Daf

in the Netherlands, while its

stake in the Flemish arm

would give it a blocking minor-

cated earlier it would be will-

The Dutch government indi-

a subordinated loan.

ity in Flanders.

direct equity stake in both

runs out on February 26.

into three clear divisions, decentralised decision-making, and thinned down the bureau-After adjustments for accus

sitions, the payroll was cut by 2,000 in the last full financial year and a further 530 jobs went in the quarter under review. As a result, group labour costs rose just 3 per cent in the three months January. Payroll costs at the German-based parent, mean-

while, fell 2 per cent. Although the company made no firm forecasts for the rest of the year, it said there were no signs of recovery in the world economy, and added that further weakening was expected in the domestic market.

ditional on guarantees that the

new-style Daf would employ

around 753 people in Flanders,

compared with the more than

1,400 people who currently

work at the company's cab and

axle factory in Westerlo. It also

wants job guarantees for 410

Belgians working at Daf's

headquarters in Eindhoven. Production of Leyland DAF

vans resumed in Birmingham

yesterday after components

suppliers, including GKN, resumed deliveries. But lines

at the truck plant in Leyland,

Lancashire, were quiet, with

suppliers reluctant to restore delivery. At Birmingham's Washwood Heath plant "about

a dozen" suppliers are in nego-

tiation with the receivers.

Skopbank narrows losses to FM3.61bn

LOSSES at Finland's Skoph narrowed to FM3.61hn (\$609m) in 1992 from FM4.90hn the previous year, despite higher credit losses and non-perform-

The bank, majorify owned by the government guarantee fund, said it expected another hig loss this year and it warned it would probably need a further FML5bm in capital support this year, in addition to the FM5.5bn already

Its announcement came as two other Finnish banks, Pos-tipankki and Okobank, saw their 1992 performance deteri-orate, although the latter still managed to outperform most in the sector by making a profit. Losses deepened at Pos-tipankki to FM700m from FM135m, while profits shrank at Okobank from FM274.8m to

All three banks were hit by the deep Finnish recession, high bankruptcy levels and rising unemployment. They also suffered from heavy write-offs on loans to the for

mer Soviet Union. Skopbank achieved a better result, thanks only to a sharp drop in extraordinary losses. with its 1992 operating loss at FM3.46bn, actually 14 per cent higher than in 1991.

Credit losses rose 10 per cent to FM2.78hm from FM2.55bm, with 58.5 per cent of the writeoffs stemming from operations in Finland. Income from financial operations amounted to just FM219m, reflecting the burden of non-performing loans which at the year and totalled FM5bn.

Mr Kaarlo Jannari, Skopbank's chief general manager, said its restructuring programme, which cut operating expenses by 24 per cent to FM1.1im, could not make up for the impact of the high level of write-offs and erosion of net interest income. At December 31 1992, the bank's capital adequacy ratio stood at 8.2 per just above the international minimum of 8 per

Extra capital for French state-controlled groups

THE FRENCH government is providing extra capital to two state-controlled companies by offering FFri.5hn (\$271m) in equity-linked debt to Air France and a ehort-term FFr2.5bn loan to Groupe Bull, the computer company.

The injections come little

more than a month before the parliamentary elections. The ruling socialists are expected to be defeated by the centreright coalition, which has

made privatisation a central theme in its campaign. Air France is to receive its FFrL5bn of equity-linked debt from Caisse des Dépôts et Con-

signations (CDC), the state-controlled financial institution

that already owns 0.5 per cent

of the carrier. CDC is providing e FFr/50m aubordinated perpetual loan with share warrants attached and FFr750m of bonds repayable in shares.

The ioss-making airline needs the money for the purchase of 17 aircraft.

Groupe Bull, which is strug-gling back to profit after three years of losses, is to receive a three-month loan of FFr2.5bp.

The government is directly

providing 72 per cent with France Telecom, the statecontrolled telecommunications company, contributing the The two companies are receiving state support at a time when the government's

relationship with public sector

companies is under the spot-

CDC profits fall due to provisions

By Alice Rewathern

CAISSE des Dépôts Consignations (CDC), one of France'e largeet etate-controlled financial institutions, saw net profits fall by almost 40 per cent to FFr2.1bn (\$380m) last year from FFr3.5bn in 1991 after making sizeable provisions on its prop-

erty and equity investmen Mr Philippe Lagayette, the former deputy director of the Bank of France who last year replaced Mr Robert Lion as

CDC's chairman, said he boped to see a return to profits growth this year. CDC said it was extending its investmente by providing FFrl.5bn in equity-linked debt to Air France, the state-con-

trolled airline. CDC already

has a small stake in the carrier

through CDC Participations, one of its subsidiaries. Mr Lagayette said CDC's banking activities and other financial operations had fared well during 1992, with gross

ing 18 per cent to FFr6.4bn.
However, CDG, like other
French financial groups, was
affected by the impact of the economic slowdown on its industrial investments and property holdings. It also suffered from the poor perfor-mance of its cable television interests, which lost FFr540m

during the year. These problems fuelled a steep increase in overall provisions, which reduced gross profits to FFr3.3bn, against FFr4.85bn in 1991.

whether to co-operate in any further refinencing. Current ing to put np around Fl 200m to relaunch Daf. The Belgian financing is con-

By Ronald van de Krol in Amsterdam and

BELGIUM'S Flemish regional THOMSON Corporation, the government is prepared to pro-Canadian-controlled travel and vide F155m (\$29.5m) in capital

for a new, slimmed-down Daf, the UK-Datch truckmaker which went into receivership two weeks ago. Mr Luc van den Brande, head of the Flanders govern-ment, disclosed this yesterday

after meeting on Tuesday with Daf's receivers end Mr Koos Andriessen, the Dutch economic affairs minister, in The

Meanwhile, Daf NV's banks, led by ABN Amro, were expected to have more meetings with its receivers today to hear details of a proposed restructuring plan and consider

Construction Correspondent

Bellway unveils £33.6m rights issue By Andrew Taylor,

BELLWAY vesterday became the first UK housebuilder to take advantage of the recent revival in UK house sales by announcing a rights issue. It is seeking to raise £33.6m (\$47.7m) from a two-for-seven issue at 320p. Bellway's share price fell 2p to 394p on the

The last round of cash calls by housebuilders was in 1991, when many companies took

advantage of a ehort-lived improvement in house sales to etrengthen their halance

Mr Amarjit Chhina, construction analyst with Barclays de Zoete Wedd, said yesterday that further rights issues for builders were likely. He said: Some companies still need desperately to reduce debt and bolster balance sheets. Others, like Bellway, will seek opportunistically to exploit the recent rise in construction

share prices on the back of a

perceived revival in the housing market "

Bellway, which raised £25m in a five-for-elevan issua at 2209 in March 1991, said yesterday that it needed the money expand ontput from an expected 2,200 homes during the 12 months to the end of July, to 4,000 homes a year by the mid-1990s, which would make it one of the six largest housebuilders in the country. Bellway forecast that pre-tax

profit in the year to end-July

would be not less than Elem.

By David Waller in Frankfurt

WESTDRUTSCHE Landesbank, the state bank for North-Rhein-Westphalia, with the Südwestdeutsche Landesbank, its Baden-Würtemmberg associate, will take a 49.9 per cant stake in the Landesbank Schleswig-Holstein in Kiel, it

was announced yesterday.

The move is the latest in a protracted bout of rationalisation within the German public banking sector which has been lent added complexity by a scramble to take over the state banking functions for the new Lander, or states, in the east-

ern part of Germany. No price was given for the deal, which has been expected in one form or another for come months.

The shape of the final agreement was surprising, however, in that it excluded any partici-

pation from the Norddeutsche Landeebank, the Hanover-based state bank which was to have joined forces with the WestLB to buy a minority stake in the Schleswig-Holstein

WestLB takes stake in Kiel bank

hank. Mr Bjorn Engholm, prime minister of Schleswig-Holstein, said yesterday he regretted that Norddeutsche's participa-tion had remained "out of reach" in spite of intensive negotiations which concluded on Sunday.

because it had proved impossible to arrange an equitable distribution of the holding. Under the final agreement, SüdwestLB is to take a 9.9 per cent stake and WestLB a 40 per cent holding in the Klel-based

Negotiations had falled

The rationalisation of the public banking sector has largely been driven by WestLB, the largest of the Landesbanken and on some measures the third largest bank in Germany overall.

Tast snmmer it and the SuccessEB defeated a rival bid from Helaba, the Hessen central bank for a 50 per cent stake in the Landesbank Rheinland Pfalz in Mainz. They paid DM750m (\$451.8m) for the

Other recent moves in the banking sector include Bayersiche Landesbank's purchase of 25 per cent of the Landesbank Saar.

The StidwestLB took a 25 per cent stake in the new Landesbank for the state of Saxony, while the NordLB has taken on the state banking role for both Saxony-Anhalt and Mecklenburg-Vorpommeru.

Helaba, meanwhile, has assumed the state banking function for Thuringia.

Seventeen years ago. Charles Schwab changed the way Americans invest by introducing a low cost, convenient investment service for the independent investor.

Now with three specialized International Investment Centers and an affiliate office in London, Charles Schwab & Co., Inc. can provide that same service to investors in the U.K.—and around the world.

Convenience. No matter where you are, Schwab's professional brokers are only a phone call away—around the clock, 7 days a week. We have the computer technology to give you the information you may need on the U.S. securities market when you need it, and execute trades quickly and efficiently.

Value. Schwab has always meant savings. In fact, when you trade

U.S. securities through Schwab, you can save up to 76% compared to what you pay a full-cost broker." Independence. At Schwab, your interests come first and there's

never any sales pressure. You make the investment decisions and we'll handle the details.

At Charles Schwab Limited, our new affiliate office in London, a team of qualified American and European investment professionals is available to help you with your investment needs. Call 44-71-495-7444. Office hours are Monday through Friday, 8:30 am - 5:30 pm. And be sure to ask about the Schwab One International Account.

Germany --- 0130 81 74 65 Britain -- 0800 526027. *Based on an 1992 survey conducted by Charles Sciench & Co., Inc., saudable up request, Subject to a \$30 minimum come

You can also call toll-free:

France --- 05 90 81 03

Charles Schwab Helping Investors Help Themselves

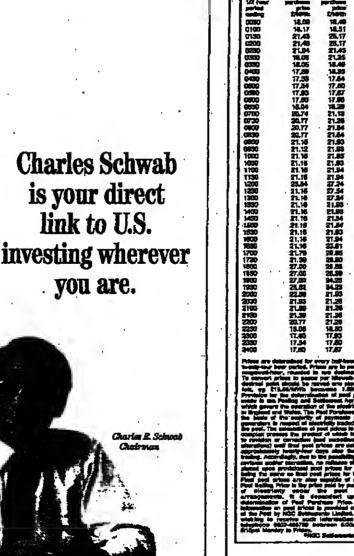
We'd like to introduce ourselves. To receive a free brochure detailing how Schwab can serve your international nt needs, just complete and return this coupon to: Call toll-free: Charles Schwab Limited 55 South Andley Street Mayfair, London WIY 5PA France — 05 90 81 03 Germany — 0130 91 74 65 Britain — 0800 526027. FAX 44-71-409-0799

tion in the U.E. by Charles Science Limited, a U.E. company and presider of the SFA. Charles Science & This do-squerts not never covers up a marine occurred a two covers, and accordance to the O.L. by Chinese Securities and Exchange Consumination and the Maniped Appendix on a Feet Covers and is a member of the Securities and Exchange Consumination and the Maniped Appendix on a Feet Covers and is a member of the Securities and Section (1) and outside the related to the Securities and Feet Covers and the Securities and Securities and Feet Covers and the Securities and Feet Covers and the Securities and Securities and Securities and Securities Securitie

Country

Postal Code

Charles Schwab is your direct link to U.S. investing wherever



reforms continuing apace, on the 15th April, 1993 the Finan-cial Times will be publishing a major new survey on Egypt. If you would like to advertise within this survey contact:

EGYPT

Paul Maraviglia Tel: 071-873 3447 Fax: 071-873 3595 FT SURVEYS

BANK OF GREECE US \$250,000,000 Prices for electricity determined for the purposes of the electricity profing and due 1997 Holders of Floating Rate Notes of the above issue are hereby notified that for the Interest Period from 19th February, 1993 to 19th August, 1993 the following information is relevant: 1. Rate of Interest: 5.25%

per annum 2. Interest Amount payable on Interest Payment Date: US\$ 263.96 per . US\$ 10,000.00 nominal or US\$ 8.598.96 per US\$ 250,000.00 nominal

3. Interest Paymeni Date: 19th August, 1993 Agent Bank Bank of America

U.S.\$100,000,000 Floating Rate Notes due 250 merest Rate 3.6125% p.a. interest teriod February 18, 1983 to August 18, 983. interest Pejable per US\$500,000 lote US\$5,594.20.

J.P. Morgan & Co. Incorporated US\$200,000,000 Subordinated floating rate notes due August 2002 rovisions of the notes, notice is hereby given that for the period 18 February

1993 to 18 May 1993 the notes will carry an interest rate of 5% per annum. Interest payable on the relepont interest date 18 May 1993 will amount to US\$61.81 per US\$5,000 note

Agent: Morgan Guaranty Trust Company **JPMorgan**

National & Provincial National et Provincias
Building Society
Issue of up to £200,000,000
Floating Rate Nores 1999
Notice is hereby given that for
the three months 15th February,
1993 to 17th May, 1993 the
Notes will carry an interest rate
of 6.33333% per annum with a
coupon amount of £157,90 per
500 000 Nores and £1578,90 per coupon amount of £157.90 per £10,000 Note and £1,578.99 per £100,000 Note payable on 17th May, 1993. Benkers Trust
Company, London Agent Ben



Yukong Limited

(Incorporated in the Republic of Korea with limited liability)

Notice

to the holders of the outstanding

U.S. \$20,000,000 3 per cent. Convertible Bonds due 2001

Yukong Limited

(the "Bonds" end the "Company" respectively)

NOTICE IS HEREBY GIVEN to the holders of the Bonds that the Company has authorised the granting to the holders of its shares and to employees of rights to subscribe for up to 4,437,000 shares of common stock of the Company. The record date for such grant to the holders of its shares will be 26th Merch, 1983 and such rights will be exercisable horn 26th April to 27th April, 1993. Any adjustment to conversion price reflecting the portion allotted to employee stock ownership association shall become effective retroctively from 1st February, 1993 (the date of the econd resolution of the directors of the Company authorising the above granting to employees) and it shall be adjusted again from 27th March, 1993 (the day after the record date in respect of the above grant) to reflect the residual portion allotted to its shareholders.

A further Notice will be given to the holders of the Bor adjustment to the Conversion Price in relation to the Bo 18th February, 1993 Yukong Limited

Hispano Americano International Limited US-\$ 100,000,000 Primary Capital Guaranteed Floating Rate Notes due 2006

with a substitution guarantee on a subo-Central Hispenoemericano, S.A. Change of Name.

The above-mentioned Company has changed its name to Central Hispeno Financial Services Limited

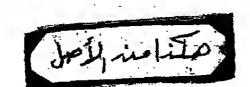
The Notes of this issue remain valid and will not be stamped or exchanged. The engagement regarding the payment of interest and capital remains unchanged. The Notes remain listed on the Luxembourg Stock Exchange under the former name followed by

Frankfurt/Main, February 1993 On behalf of Central Hispano Financial Services Limited COMMERZBANK SE



Shawmut Corporation U.S.\$50,000,000 Floating Rate Subordinated Notes

Due 1997 Notice is hereby given that the Rate of Interest has been flood at 5% and that the Interest payable on the relevant laterest Payment Date May 18, 1993 against Coupon No. 33 in respect of US\$10,000 nominal of the Notes will be US\$123.61. February 18, 1993 Leaden By: Citibunk, N.A. (Issuer Services), Agent Bunk. CITIBANCO



Or call 44-71-495-7444

series provin

wis Kielly

general artist

Campbell Soup in the red after \$300m write-off

By Alan Friedman In New York

CAMPBELL SOUP, the US foode group, yesterday dis-closed a oet loss of \$15.9m, or 46 cents per share, in its second quarter ended January 31.

The quarterly deficit was caused by a previously anticipated \$300m write-off taken in connection with an international restructuring and divestiture programme that locluded plant closures. Campbell achieved \$160.6m net profits, or 64 cents per share, in the same quarter a year

ago.

The New Jersey-based com-pany said its sales reached record levels during the quarter, having risen hy 2 per cent year-on-year to \$1.79bn.

Sales for the first six months of the fiscal year were 6 per ceot improved at \$3.48bn, while oet earnings for the six months were \$40.7m, or 16 cents per share, down from \$289.8m, or \$1.15 a share, in the first half of the 1992 fiscal year.

Mr David Johnson, president and chief executive of Campbell, said that before restruct-uring charges the company's Soup share price was \$1 lower at \$40%.

By Bernard Sknon in Toronto

FIVE wealthy Hong Kong

investors are taking a substan-

tial stake in western Canada's

oil and gas industry by huying

Westcoast Petroleum, a subsidiary of Westcoast Energy of

The Hong Kong consortium

will pay C\$247.5m (US\$196.4m)

for Westcoast, which has been

seeking extra capital for some

time to finance exploration

programmes in western Can-

ada, as well as Libya and Indonesia.

The buying group is led by Mr Cbeng Yu-Tung, chairman

of New World Development, Mr

Stanley Ho who beads Shun

Tak Holdings, and Mr Lee

Canada has been one of the

main beneficiaries of the flight

of capital from Hong Kong

ahead of the colony's 1997

The Westcoast purchasers

are following in the footsteps of Mr Li Ka-shing, who con-

trols Husky Oil, one of Cana-

da's higgest independent oll

Husky bas incurred sizeable

losses in receot years however,

and has been a beavy burden

on Mr Li's Hong Kong compa-

Mr Stepben Letwin, West-

coast's chief financial officer,

noted yesterday that his com-

pany was smaller than Husky

and more focused on upstream

exploration and production.

going to be more than pleased

with what they get," Mr Let-

TELEGLOBE, Canada's fast-

expanding international tele-

communications group, earned

C\$t8m (US\$14m) or 34 cents a

share in the final quarter of

1992, up 50 per cent from C\$12m or 26 cents a share a

year earlier, on a revenue

gain of 1t per cent to C\$143m.

telecommunications volume

and lower financial charges.

The gains came from rising

Operating profits for 1992

came to C\$30.6m or 72 cents a

share up from C\$25.7m or 54

cents a share the year before,

on revenues of C\$489m, up 12

But net restructuriog

charges of C\$8im brought

attributable losses for the year

Newbridge Networks, a

Canadian-based international

telecommunications equipment

of C\$50.6m or C\$1.19 a share.

per cent.

By Robert Gibbens

Westcoast, which is based in

We think these investors are

Shau Kee, chairman of Hender

son Land Development.

handover to China.

and gas producers.

Vancouver.

net earnings were actually 18 per cent higher in the first six

"In the teeth of a tough competitive environment worldwide, we have delivered strong results for the second quarter Mr Johnson said. He noted that Campbell Soup had launched more than 70 new products and said the group's new strategy would further focus on strong hrand names.

Campbell's North and Sooth American division, the single largest business, reported a 7 per cent rise in second-quarter operating earnings before restructuring charges. Sales for the division were 4 per cent better at \$1.29ho.

The biscuit and bakery division had a 2 per cent decrease in operating earnings before charges with sales 1 per cent lower at \$214.2m in the quar-

Operating earnings in the second quarter for Campbell Europe/Asia increased by 10 per cent hefore restructuring charges, Sales were 1 per cant lower at \$290.2m. On Wall Street, the Campbell

revenues of C\$82m.

a day last year.

Proceeds from the disposal

will be used to reduce borrow-

ings used to finance the Union

acquisition. Westcoast is also

cents a share in the nine

months ended January 31, up

from C\$5.1m or 15 ceots a

share a year earlier. Revenues

were C\$207m, up from C\$129m.

because of major contract

• SHL Syatemhouse, a hlg

Canadian aystema integrator,

plans expansion in Mexico and

other Latin American coun-

tries, hesides the US and Europe. Mr John Oltman, chairman, said the company is

oow increasingly profitable

and targets annual revenues of

well over C\$2bn within five

• Norcen, an international

energy group controlled by

Edper-Hees, reports net profits

of C\$38.9m for 1992 against

C\$44.im for 1991, on revenues

of C\$1bn against C\$976m. Per

share earnings were 49 cants in

both periods because of capital

deliveries.

planning an equity issue.

Higher volumes and lower

charges boost Teleglobe

ability will also continue under the capital investment In a separate development, BeliSouth has signed prelimi-nary agreements with Intel, HK investors buy into RAM Mobile Data and Ericsson Telephone to develop new Westcoast Petroleum

products and services for the mobile computing market. The four companies said they planned to expand the availability and increase the usage of standard Intel processor-based mobile computers able to perform two-way wireless communications via the nationwide dedicated public mobile data networks run by

spend \$9bn

on updating

BELLSOUTH, the largest of

the Baby Bell regional tele-

phone companies that was

to 39bn during the next three years updating its telecommn-

The Atlanta-based company said \$5.7bn would be epent to

keep up with the hasiness'

growth and to replace out-deted equipment, and another \$8bn would he invested in

newer technology for the net-work infrastructure.

Some of the money will go towards the installation of

more fibre optic cable and the continued replacement of ana-log central offices with digital

So far, BellSouth has installed 900,000 miles of fibre

optic cable in its US network and plans to install fibre-to-

the-curb systems for 180,000

residential and business cus-

tomers over the next three

years. The incorporation of

aelf-healing capabilities into

the network to enhance reli-

network

By Patrick Harverson

nications network.

in New York

BellSonth and Intel also said they would be exploring new mobile computing products and services that can be used on a variety of communications networks.



THE SWEDISH government Calgary and classified as a mid-sized producer, suffered a will decide in the next few days whether to support Skan-C\$5.7m loss in the first nine danaviska Enskilda Banken. months of 1992 on operating the country's leading commercial bank, Mr Bo Lundgren, The setback was due largely to lower natural gas prices, taxation minister, said yesterday, writes Christopher Brown-Humes in Stockholm. which have staged a recovery in recent months. Westcoast

Energy was due to release its annual financial results late His announcement came after Sweden's Finance Super-visory Anthority said SE Westcoast Petroleum produced an average of 14,400 bar-rels of oil and 76m cu ft of gas Banken and Föreningsbanken needed support to meet capital adequacy requiremants. Mr Lundgren said the atate had Westcoast Energy is selling already provided SKr67.5hn (\$9bn) to troubled banks, the oil and gas division to conincluding just over SKr50bn to Nordbanken, SKr10bn to Gota centrate on natural gas distribution following its C\$600m purchase last year of Union Bank and SKr7.3bn to Första Sparbanken. Energy, an Ontario gas com-

FT500

The following are amendments to figures in tables published in the FT500 on February 10, 1993:

Top 500 European companies: Allied-Lyons (ranked 46): profit this year \$1,008.1m not \$100.8m; profit percent-age change 27.3 per cent not 87.3 per cent; ROCE (return on capital employed) 17.3 per cent not 5.9 per cent; Dresd-ner Bank (49): profit this year \$867.1m not \$1,295.4; profit percentage change -14.3 per cent not 28.1 per cent; ROCE 12.5 per cent not

18.7. Bankinter (418): ROCE

26.4 per cent not 263.6 per

cent. Top 500 UK companies: Allied-Lyons (24): profit this year £610.0m not £61m; profit percentage change 27.3 per cent not -87.3 per cent; ROCE 17.3 per cent not 5.9 per cent. Calor Group (215): turnnver this year £362.2m not £168.1m; turnover percentage change 10.3 per cent not 48.6 per cent; Hartstone Group (272) profit last year £7.4m not £2.3m; profit percentage change 199.6 per cent not 874.1 per

BellSouth to Hewlett-Packard boosted by record orders

in Sen Frencisco

HEWLETT-PACKARD, the US computer and electronics man-ufacturer, reported higher than expected first-quarter earnings. The quarter, ended in January, is the first since Mr Lewis Platt succeeded Mr John Young as president and chief executive in October, when Mr Young retired.

spun off from AT&T in 1984, has unveiled plans to spend up Net earnings were \$261m, or \$1.08 per share, compared with a net loss of \$30m or 12 ceots per share in the first fiscal quarter of 1992, when HP took an after tax charge of \$332m to reflect a change in accounting for retires haalth care

Excluding tha charge, HP had net earnings of \$302m or \$1.19 per share in the first quarter a year ago. Wall Street analysts had been predicting net earnings of around 96 cents per share. HP's stock jumped to \$70% in early trading yesterday, np from Tuesday's close of \$67%. Revenue for the quarter

totalled \$4.6bn, compared with \$3.9bn in the same period last year. US revenues were \$2.1bn, up 24 per cent, while revenues from outside the US rose 14 per cent to \$2.5bn, The company noted that acquisitions accounted for about three percentage points of the growth in

New orders hooked during the quarter were a record \$5.2bn, up 24 per cent, signaling strong revenues in the future. US orders totalled \$2.1bn, up 18 per cent over 1992, while orders from outside the US grew by 28 per cent to \$3.1bn.

"We're extremely pleased with our growth in orders,

which was well balanced by business and geography," said Mr Platt. "Our revenue growth was strong and earnings were good, even though they were lower than those of our out-

"The year is off to a good start," he added. "Our chal-lenge is to turn strong order growth into higher profitability. We're cautious, however, because continuing order growth depends in part on worldwide economic conditions, which still show signs of weakness in key geographies.

We're eocouraged by the success of our new products. and we're finding opportunities even in this tough environment. Our focus will remain on the strong prodoct pro-grammes and lean organisations that success requires." Operating expenses for the

standing firet quarter of

Lewis Platt: encouraged by the success of new products

first quarter rose 11 per cent, with about 2 percentage points of this increase due to the effects of acquisitions. Operating expenses fell as a percent-age of net revenue from 34.7 per cent in 1992's first quarter to 32.5 per cent.

"We're very pleased with the progress we've made on reducing operating expenses as a percentage of net revenues." said Mr Platt. "We must continue our efforts to reduce operating expense ratios in all our businesses."

• Separately, HP announced that Mr John O'Rourke, formerly of Bellcore and Bell Labs wbere he had more thao 25 years' experience directing telecommunications programs, has loined the company in the newly created position of general manager, Telecommunica tions Operations, and chief telecommunications architect.

In this post, Mr O'Rourke will lead development of an integrated strategy to increase significantly HP's position in the telecommunications indus-try, the company said.

Cigna falls

sharply in

final term

Norgeskreditt plans move into banking

By Karen Fossit in Osto

NORGESKREDITT, the Norwegian private sector mortgage company, yesterday announced plans to become a commercial bank, following recant approval for the move by the finance ministry.

The company said it would seek backing for the proposal at its annual general meeting scheduled for April 1. Norges-kreditt said bank status would give It access to the domestic retail market which would constitute an important supplement to financing from the bond market, and thereby contribute to stability in its fund-

"Access to the deposit mar-

ket, the ability to borrow from the central bank and member-ship of the banks' traditional safety net are also anticipated to have a positive effect for [the group's] bondholders," Norgeskreditt said.

Norgeskreditt's assets dipped to NKr19.7bn (\$2.8bn) at the eod of December from NKr21.3bn a year earlier. The company strengthened significantly its capital base through a NKr750m share issue in 1992, when It converted to a limited company.

In addition, NKr384m of repayable contributions hy foundation members was converted into share capital to boost total capital to

the public, if market conditions

were favourable. Geon is

expected to assume about \$30m

of BF Goodrich's existing

Geon Vinyl produces vinyl

resins and compounds which

are used in a variety of applica-

Norgeskreditt's preference shares have been trading on the Olso hourse since last

it said approximately 30 per cent of the preference share capital bad changed hands since the listing, and that about 11.8 per cent of its total share capital is held hy foreign

Separately, the company announced it had returned to the black with net profits of NKr679.7m in 1992 from losses of NKr16.9m in the previous

The turnround was helped hy extraordinary income of NKr575.5m, gained from a change in rules for loan loss provisions allowing these pro-

visions to be booked on profit and loss accounte, Profits before extraordinary items rose to NKr131.3m from NKr100.5m. helped by a rise to NKr267.6m io net interest income from NKr242.3m and a reduction in securities losses to NKr33.8m from NKr57.9m.

Credit losses, however, rose to NKr66.4m from NKr51.3m in 1991. The company said that last year it repossessed commercial property with a book value of NKr34.3m, and that these assets provide a net yield of 8.9 annually.

Norgeskreditt had a capital adequacy of 14.2 per cent of risk-weighted assets according to Bank for International Set-

By Patrick Harverson CIGNA, one of the largest composite insurance compa-nies in the US, has announced a sharp drop in fourth-quarter earnings to \$50m, down from \$108m a year earlier.

Fnil-year 1992 profits of \$311m were also well down on the previous year, when the company earned \$449m, although the latest results were depressed by a \$26m charge to cover the adoption of oew accounting standards. Earnings would have been

worse but for realised investment gains, which brought in \$19m in the fourth quarter and \$192m in the year. In comparison, investment gains in 1991 netted only \$52m.

The company, which described its results as "unsatisfactory", said its property and casualty operations incurred a loss of \$374m last year, despite investment gains of \$1 ilm

The hulk of the losses were dne to a big increase in catas-tropbe losses, which jumped from \$68m in 1991 to \$251m. largely as a result of Hurri-cane Andrew which devastated parts of sonthern Florida and Louisiana in Angust.

employee life and health beoefits business also fell sharply in 1992, although income from its financial services division rose slightly.

BF Goodrich to spin off Geon Vinyl arm

By Laurie Morse in Chicago

BF GOODRICH, the Obio-based specialty chemical and aerospace products group, yester-day announced that it is going to spin off its Geon Vinyl divi-

Goodrich expects to gain as much as \$310m from an initial public offering Geon's stock, as well as \$200m in special distributions before the completion of the offering

In a filing with the Securities and Exchange Commission, the
Geon Company said BF Goodrich intended to offer about 50
per cent of Geon Vinyl stock to

AEROMEXICO and Mexicana.

Mexico's two main airlines.

have agreed to a share swap

deal giving Aeromexico control

over its larger rival. The move

will allow them to restrict com-

petition on some routes and

Under the alliance the com-

panies' shareholders will swap

sbares in each other's busi-nesses. The more efficient

Aeromexico will gain the con-

trolling interest in a new hold-

ing company which will run

both airlines. However, Mexi-

cana and Aeromexico will sur-

vive as separate entitiee, in

Despite rapid growth in Mexican air travel, both Mexicana

name at teast.

share reservation systems.

By Damian Fraser in Mexico City

Aeromexico in share swap

deal with its larger rival

tions, including construction products, business machine components and appliance The division is based in Inde-

pendence, Ohio, and operates 14 manufacturing plants in the US, Canada, and Australia. Geon Vinyl has 2,500 employees, while BF Goodricb has

airbuses, 20 Boeing 727-200, and six DC-10's. The agreement

marks a triumph for Aeromex-

ico, which has just bought a

controling interest in Aero-

Peru, and is looking to expand

have received the green light

from the Mexican government

and raises questions about offi-

cial commitment to competi-

tion policy. Many sectors of the

THe agreement appears to

internationally.

had revenues of \$950m in 1992, down slightly from \$981m in 1991. Geon Vinyl logged a net loss of about \$3.3m last year, and a loss of \$26.5m in 1991. BF Goodrich Itself had revenues of \$2.5bn in 1992, with net income of \$2.5m and a per share loss of 23 ceots.

BF Goodrich said Geon Vinyl

Mr John Ong, BF Goodrich chairman, said his company intended to use the proceeds of the Geon Vinyl spin-off to expand Goodrich's epecialty chemicals and aerospace busi-

Whirlpool, the leading US producer of bome appliances,

Increased sales

ELECTRICITE de France

(EdF), the state-controlled utility group, achieved a 32 per cent increase in net profits to

FFr2.5ho (\$452.3m) in 1992,

Mr Gilles Menage, chairman,

said the rise was due to increased sales of electricity

(both io France and other

help lift EdF

to FFr2.5bn

By Alice Rawsthorn

from FFr1.9bn in 1991.

previous year, Reuter reports. Mr William Marobn, chief operating officer eald that recovery in the US would boost sales in the industry by between 3 and 4 per cent this "Based on what we bave

expects its American sales to

increase between 3 per cent

and 4 per cent in 1993 from the

seen so far in the first quarter, my sense is that we are still living with that projection, be said. Its North American sales

were around \$2bn with group sales of \$7.3bn

Yukong Limited (incorporated in the Republic of Korea with limited liability)

Notice

to the Warrantholders

Yukong Limited

U.S. \$75,000,000 5½ per cent. Bonds due 1996 with Warrants

NOTICE IS HEREBY GIVEN to the Warrantholders that the Company has authorised the granting to the holders of its sharea and to employees of rights to subscribe for up to 4,437,000 shares of common stock of the Company. The record date for such grant to the holders of its shares will be 26th March, 1993 and auch rights will be exercisable from 26th April to 27th April, 1993. Adjusted subscription price reflecting the portion allotted to its shareholders shall become effective from 27th March, 1993 (the day after the record date in respect of the above grant).

A further Notice will be given to the Warrantholders of any resulting adjustment to the Subscription Price in relation to the Warrants. 18th February, 1993

US\$100,000,000
FLOATING RATE DEPOSITARY RECEIPTS DUE 1997
issued by The Law Debenture Trust Corporation pic evidencing entitlement to payment of principal and interest on deposits with BNL

Banca Nazionale del Lavoro incurporated as an Istitudo di Credito di Dirito Pubblico un the Republic of Italy)

London Branch Notice is hereby given that the Rate of Interest for Coupon No. 31 has been fixed at 3.5% pa and then the interest payable on the relavant Interest Payment Date, May 18, 1993 in respect of US\$10,000 nominal of the Receipts will be US\$86.53 and in respect of US\$250,000 nominal of the Receipts will be US\$2.163.19.

February 18, 1993, London
By: Citibank, N.A. (Issuer Services), Agant Bank

CITIBANCS

£200,000,000 MFC Finance No.1 PLC Mortgage Backed Floating Rate Notes Due October 2023 In accordance with the Terms and Conditions of the Notes, notice is hereby given that the new interest rates and periods in respect of the aubject Notes are as follows:-Payment Date
Sones A 3-Fabriary to 2 March 193
Senso B 4-Fabriary to 4-March 193
Senso B 4-Fabriary to 4-March 193
Senso B 5-Fabriary to 12-March 193
Senso B 5-Fa

US\$750,000,000 Floating Rate Subordinated Capital Notes due August 1996

CITICORP •

CITIBANCO

February 18, 1993, Landon
6y: Citibank, N.A. (Issuer Services), Agent Bank

CITIBANCO

Notice is hereby given that the Interest payable on the relevant Interest Payment Date, February 23, 1993, for the period November 14, 1992 to Fabruary 14, 1993 against Coupon No. in respect of U.S.\$50,000 nominal of the Notes will be U.S.\$670.84.

engineering and fabrication projects, established with major international what is expected for 1992, but up from In 1991 the division achieved turn-By Karen Fosstt In Osto NKr2.3bn in 1991. oil companies for which It has already

AKER, the Norwegian cement, oil and gas technology group, is gearing up for a large-scale restructuring of its oil and gas division, because it is faced with a steep fall in North Sea oil and gas activity, expected by 1995. Mr Tore Bergersen, president of the division, said that to adapt to future market conditions, a significant downsiziog operation might be necessary, with the possibility of up to 3,000 to 4,000 engineering and fabrication jobs

being shed within the division, which

corrently has tt,000 employees.

over of NKr7.9bn (\$1.1bn), but by the first eight months of last year turnover had already reached NKr7.5bn. Aker is due to report 1992 results on

The group's oil and gas technology division supplies engineering, equipment and fabrication work to the oil and gas industry. It comprises nine sub-divisions and has a current order

book valued at NKr26bn. Norwegiao Contractors, a core subdivision, will see turnover of NKr3.3bn in 1993, Mr Bergersen fore-

cast. The figure is slightly lower than

The division will also have to adapt to more compact development projects, by building much smaller scale oil and gas platforms, so that existing

North Sea oil and gas infrastructure can be utilised after production from these massive installations winds down, Mr Bergersen said. Another way the division will adapt

Mr Bergersen said the divisioo recently entered a partnering relationship with British Petroleum Norway which will endure for an unlimited time or as stipulated by BP.

and Houston-based Omega Marine.

engineered and huilt numerous platforms in the North Sea. As the majors expand oil and gas production worldwide, they will need the services which Aker can provide, particularly for high-technology deep water oil and gas projects.

Aker also believes Norwegian oil

companies Statoil, Saga Petroleum south-east Asia and West Africa

mostly for existing platforms.

Another way in which Aker'e oil and gas technology division will adapt is by taking on international projects. The first step was taken two years ago through the acquisition of Gulf

Fabricators in Corpus Christi, Texas, Aker believes it will benefit greatly cover in offsbore regions such as in future from earlier relationships

reports from Chicago.
The flight kitchens employ and Aeromexico have been losing money. Mexicana, whose principal shareholders include aboot 5,000 people, who prepare more than 125,000 meals daily in 14 cities for United and Sir James Goldsmith, incurred net losses of 223,892m pesos in the first nine mooths of last for other airlines on a contract year. The company owns It

Profits drop for Nykredit

By Hilary Barnes in

NYKREDIT, the large Danish bond-issuing mortgage credit institution with total assets of about DKr351bn (\$55.7hn), reported a fall in pre-tax profits last year to DKr263m from DKr1.10bn in 1991.

Write-offs and provisions for loane increased from DKr1.43bn to DKr1.78bn, while a gain in 1991 of DKr625m on the value of the securities port-

The result was described by on the long economic recession, which is also expected to affect the 1993 results. Equity capital and reserves showed little change at DKr17.93bn, which gave a capital adequacy ratio of 9.3 per cent compared with the 6 per cent legal mini-

Copenhagan

DKrl.9lbn to DKr2.35bn. the group as acceptable in view

mum, said the group.

folio became a loss in 1992 of DKr308m. Operating profits

Mexican economy are domi-nated by quael-monopolies, countries), to lower primary prices and to debt reduction. EdF, which bas made signifincluding television, telecommunications, and now airlines. • United Airlines, the US airline controlled by UAL, is offericant productivity improvements in recent years, promised earlier this month to start ing for sale its 17 flight kitchcutting its prices in France by

1.25 per ceot a year. Sales rose to FFr177.5bn last ens located throughout the US and has engaged First Boston to serve as its financial adviser year from FFr171.4bo in 1991 while gross operating profits for the transaction, Renter ctimhed to FFr77.from FFr71.5bn. In France, which accounts for 66 per cent of turnover, sales grew hy 3.6 per cent to FFri59.7bn last year.

International sales rose 3 per cent to FFr12bn. Although EdF suffered a reduction in demand in some markets, such as Germany, it managed to compensated

through price increases. The group plans to continue its International expansion, outside France but has opted to do so through joint venturee, ootably in Spain and eastern Germany rather than by selling electricity directly as it does in its UK operation.

Mr Menage said that EdF had beld investment expenditure at FFr32.4bn in 1992, against FFr32.3bn in 1991. This belped it to reduce debt to FFr194.8bn last year from FFr214bn in 1991.

Aker foresees job cuts in face of steep North Sea output fall

to leaner times is by entering "part-nering" projects, an industry term describing projects which extend over several years to provide oil companies with a wide-range of maintenance.

and Norsk Hydro will demand its servicee as they develop oil and gas reserves which they are hoping to dis-

Peripherals help Canon improve

By Michlyo Nakamoto in Tokyo

CANON, the office equipment and camera manufacturer, last year suffered a small decline in sales but posted a marginal increase in profits due mainly to the strength of its computer peripherals husiness.

Pre-tax profits moved up 1.3 per cent to Y77.13hn (\$637m) as turnover dipped by 0.9 per cent to Y1,063bn.

Canon expects a modest improvement in both sales and profits this year on the back of a second-half recovery. It forecasts anincreese in sales to profits to Y77.5bn.

The company, chaired by Mr Ryuzaburo Kaku, which is considering buying the computer herdware operations of Next Computer, the US company, saw sales in its computer peripherals husiness rise 25 per cent to Y405.45bn in 1992.

In the computer peripherals division, the company's laser printers sold particularly well in the second half after It introduced a new model, while its hubble jet printers increesed



Ryuzaburo Kaku: expects e second-balf recovery this year with e modest profits improvement

sales last year as awareness of their advantages spread. Copiers also performed well. Sales increased by 4 per cent to Y332.9bn, lergely on the strength of colour copiers, application equipment such as feeders and chemicals such as

per cent fell in sales to Y167.29bn, as the economic slump dampened consumer spending. Cameras, which were Canon's mainstay in Its early years, accounted last year for only 16 per cent of sat u sales, against 21 per cent in Kong.

Bnt cameras suffered a 24 1991. Sales of communication equipment also fell back 12 per cent, to Y114.42bn, but this was largely e result of a transfer of the compeny's personal communications equipment husiness to a new company it sat up last year in Hong

Drought slows down SA chemical group

By Philip Gawith

AECI. the South African chemicals group in which ICI of the UK and Anglo-American Industrial have large share stakes, reports lower profits for 1992 but plans to maintain its dividend.

Earnings per share fell to 106 cents from 121 cents and compare with the 203 cents achieved in 1989. The dividend is being held at 58 cents.

Mr Mike Sander, managing director, said 1992 had been a worse year than originally pre-dicted for two reasons: the lack of growth in world economles and the very severe drought in South Africa.

Exports make up a signifi-cant portion of AECT's business. About 20 per cent of its turnover goes directly to the agriculture sector.

Turnover for the year rose hy 1 per cent to R5.36hn (\$1.7hn) and net trading income was unchanged at R403m. Cost controls saw margins maintained in most sectors, though et low levels. A slightly higher tax hill and e decline to R16m from R28m in investment income saw attributable income drop to R164m

Exports rose hy 28 per cent tn R643m (R502m), accounting for 12 per cent of

> Global Dollar

Fletcher Challenge sees return to full-year profit

By Terry Hall in Wellington

FLETCHER Challenge, the New Zealand forest products and energy group, expects to return to profit this year following strong first half gains. The company forecasts profits of NZ\$200m (US\$103m) for the year ending June, 1993 on

1991-1992 the group made a loss of NZ\$158m after writing down its Australian property portfolio. As reported in late editions yesterday, the six months ended December echieved

the back of positive factors in

most of its operations. For

earnings of NZ\$153.5m excluding ebnormal items, up from NZ\$121m e year ago. Mr Hugh Fletcher, chief

executive, said the result reflected good performance in energy, both in New Zealand

and Canada, a strong recovery in its New Zealand operations, an improving trend in Canada, and continued growth in sales to Asia, which reached NZ\$1bn

for the first time. The group had also achieved a significant reduction in its interest expenses and improved the cash flows from

existing husinesses.

Mr Fletcher pledged that the company, which was widely criticised in 1991 and 1992 for continuing in expand rather than repay deht, would not make any further acquisitions until it had improved its international investment grade ratings. He said a number of further assets were to be sold, including nearly all its investment properties in New Zea-

Discussing the future, Mr Fletcher said the company saw

in New Zealand, North America and Asia, excluding Japan. We expect conditions in Britain and Australia to be difficult, but to show centinuing improvement." he said.

Mr Fletcher said an aggressive restructuring programme was under way with the company concentrating on expanding output, reducing employees and developing new products to increase profitability. He said that despite these improvements a recovery in prices is necessary to restore

profitability. He said the immediate outlook was that with the exception of methanol and wood pulp, most of the company's products and services appeared to have reached the bottom of their cyclical trough, and had begun an upward movement.

Thai Stock Exchange seeks improved disclosure

By Victor Mallet

THE Stock Exchange of Thailand yesterday announced plans to improve financial disclosure by listed companies after the shutdown of First City Investment, e small listed finence and securities com-

mature promissory notes this week and the Bank of Thalland, the central bank, said the company was "temporarily closed" because of liquidity problems pending further efforts to arrange a rescue. FCI is thought to have sev-

FC1 suspended peyment of doubtful debts on its hooks. The BoT said an investigation last year showed that FCI had extended loans to affiliated companies without collateral.

Bangkok Bank, the country's largest commercial bank, has been asked by the BoT to rescue FC1 in exchange for broking licences and other incen-

completed. Mr Seri Chintanaseri, SET president, said after en SET board meeting yesterday that companies suspected of provid-

ing misleading financial infor-

mation would be reported to the newly-formed Securities

and Exchange Commission.

from R187m.

Six Japanese companies brought into Thainox Steel venture

THAINOX Steel, the Thal stainless steel joint venture in which Ugine of France is the largest foreign shareholder, yesterday announced that a consortium of six Japanese companies had been brought into the project.

ILVA of Italy was brought into the venture last year. The latest move is the final stage in a restructuring of Thainox's equity, which began when several international steel producers found themselves planning rival fectories with a combined capacity far too large for the Thai market.

Thainox while ILVA and the Japanese consortium will hold 14 per cent each. The four Thai partners will share the remaining 51 per cent. Ugine and lts partner, PM Group of Thailand, will retain joint manage-ment and operational control. Nippon Steel will co-ordinate

the Jepanese consortlum, which says it will have the right to supply 30 per cent of the raw material for the plant in Rayong and to sell 30 per cent of Thainox's output to the

Japanese companies' traditional customers in Thailand. The factory is due to start production in October this year of up to 60,000 tonnes a year of

cold-rolled stainless steel sheets, an amount slightly higher than the present size of the entire Thai market. The sheets are used to make a range of products, including washing machines and car

×. 1

her !

exhaust systems. Theinox says its plant will be the first producing stainless steel in the six-country Associatlon of South East Asian Nations (Asean), where demand is growing at more than 10 per cent a year.

The other Japanese participants are Nisshin Steel, Kawaseki Steel, Sumitomo Matal Industries, Nippon Metal Industry and Nippon Yakin

In 1992 Goldman Sachs was chosen to Lead Manage all of the following Equity Offerings.

Equity Issues Lead Managed by Goldman Sachs last year (U.S. Dollars in Millions)

Issuer	Description of Transaction	Giob Doil: Amou
Alco Standard Corporation	Convertible Preferred Stock	S 20
Allegheny Ludium Corporation	Convertible Subordinated Debentures	3 20
Allegheny Power System, Inc.	Common Stock	8
Amerada Hess Corporation	Common Stock	51
AMR Corporation	Common Stock	46
A/S Eksportfinans	Currency Warrants	2
Baker Hughes Incorporated	Common Stock	17
Banco Nacional de México, S.A.*	Simultaneous Rule 144A and International	56
panco nacional de acaleo, 3.2-	Officings of Subordinated Exchangeable Debentures	70
The Bank of New York	Common Stock	34
Company, Inc.		-
Bed Bath & Beyond Inc.	Initial Public Offering of Common Stock	10
Boise Cascade Corporation	Yield Enhanced Stock	19
Boston Edison Company	Common Stock	Ġ
Boston Scientific Corporation	Initial Public Offering of Common Stock	45
Breed Technologies, Inc.	Initial Public Offering of Common Stock	150
Burlington Northern Inc.	Convertible Preferred Stock	34
BWIP Holding, Inc.	Class A Common Stock	11:
BWIP Holding, Inc.	Class A Common Stock	15
Capital Re Corporation	Initial Public Offering of Common Stock	12
Caraustar Industries, Inc.	Initial Public Offering of Common Stock	16
Carlton Communications Ple	Euroconvertible Offering	12
Carnival Cruise Lines, Inc.	Convertible Subordinated Notes	119
Chemical Banking Corporation	Common Stock	1,560
Chesapeake Corporation	Common Stock	6
China Steel Corporation*	Global Offering of Rule 144A American	32
	Depositary Shares and Global Depositary Shares	
Consolidated Freightways, Inc.	Yield Enhanced Stock	12
Creative Technology Ltd.	Initial Public Offering of Ordinary Shares	60
Cross Timbers Royalty Trust CUC International Inc.	Trust Units Common Stock	3- 6:
Delm Air Lines, Inc.	Convertible Preferred Stock	1,150
Echo Bay Finance Corp.	Convertible Preferred Stock	143
Enron Corporation†	Block Placement	16
Enron Oll & Gas Company	Common Stock	110
The Equitable Companies Incorporated EXEL Limited	Initial Public Offering of Common Stock	450
	Ordinary Shares	351
Fifth Third Bancorp	Convertible Subordinated Notes	143
First Union Corporation	Common Stock	339
Fleet Mortgage Group, Inc. Fred Meyer, Inc.	Initial Public Offering of Common Stock Common Stock	219 96
Gebrüder Sulzer AG†	Slock Placement	183
GenCorp Inc. General instrument Corporation	Convertible Subordinated Debentures	115 330
Georgia Guif Corporation	Initial Public Offering of Common Stock Common Stock	150
Gerrity Oll & Gas Corporation	Common Stock	83
Grupo Embotellador de México,	Global Offering of Rule 144A American	186
S.A. de C.V.	Depositary Shares, Global Depositary	
	Shares and Ordinary Shares	
Haggar Corp.	Initial Public Offering of Common Stock	66
HCA-Hospital Corporation of	Initial Public Offering of Class A	840
America	Common Stock	
HealthTrust, Inc. – The Hospital Company†	Slock Placement	160
Heritage Media Corporation	Class A Common Stock	45
Hibernia Corporation†	8lock Placement	20
Hook-SupeRx, Inc.	Initial Public Offering of Common Stock	102
inlandSteel Industries, Inc.	Common Stock	101
The Interpublic Group of	Euroconvertible Offering	104

In 1992, Goldman Sachs raised \$22 billion through equity and equity-related transactions on behalf of more than one hundred clients. Global transactions that demanded sales, trading and research expertise to reach a worldwide base of investing clients. Traditional and innovative transactions that earned us the leading market share in both U.S. and international equity Issuance. And most importantly, transactions that assisted both our new and longstanding clients in meeting their diverse financial objectives.

Goldman Sachs was global coordinate

London Tokyo Frankfurt Hong Kong Montreal Paris Singapore representative office

Madrid Milan

Issuer Description of Transaction Amount Iowa-Illinois Gas and Common Stock Electric Company Initial Public Offering of Class A The John Nuveen Company 1440 Convertible Junior Subordinated Notes The Liberty Corporation Common Stock Louis Vuittont MGIC lavestment Corporation 229.5 National Semiconducto Convertible Preferred Stock 172.5 Corporation Northern Trust Corporation Convertible Preferred Stock 50.0 The NWNL Companies, Inc. 53.0 PeopleSoft, Inc. Initial Public Offering of Common Stock 58.7 Phillips-Van Heusen Corpo 1+1.7 Pogo Producing Company Porta Systems Corp. Euroconvertible Offering 34.0 Quantum Corporation Convertible Subordinated Debentures 2125 Class 8 Voting Common Stock The Reader's Digest 216.0 Association, Inc. Read-Rite Corporation Common Stock 182.1 Initial Public Offering of Class A 346.3 Cammon Stock Class 8 Subordinate Voting Shares Rogers Cantel Mobile 52.0 Rohm and Haas Company 125.5 Sakura Holdings S.C.A. Mandatorily Exchangeable 758.2 Preference Shares Scholastic Corporation itial Public Offering of Common Stock The Scotts Company Initial Public Offering of Class A 273.1 SEACOR Holdings, Inc. Initial Public Offering of Common Stock Sears, Roebuck and Co. Mandatorily Exchangeable 1.236.3 Sears Roebuck de México. Global Offering of Rule 144A American 144.7 S.A. de C.V.* Depositary Shares, Global Depositary res and Ordinary Shares Initial Public Offering of Common Stock Seragen, Inc. 36.0 Signet Banking Corpo 158.5 Solo Serve Corporation 35.9 150.0 Initial Public Offering of Comm International Offering of Bonds with Warrants Slock Placement 629 Technology Solutions Company 57.6 Teléfonos de México, S.A. de C.V. Global Offering of Ordinary Shares and 1,403.1 American Depositary Stares TNT Freightways Corporation Trans World Music Corp. 280.3 21.9 Trenwick Group inc. Convertible Debenture 103.5 Ultramar Corporation Initizi Public Offering of Common Stock 569.3 Union Texas Petroleun 608.3 Holdings, Inc. United HealthCare Corporati 202.5 United Retail Group, Inc. Initial Public Offering of Common Stock 75.9 USX Corporation USX-U.S. Steel Group Com 205.3 Venprecar C.A. Rule 144A Offering of Global Depositary 30.3 Shares with Sivensa Warrant Willamette Industries, Inc. 131.3 Wisconsin Central Common Stock 113.4 Transportation Corporation

+ These block transactions were completed on behalf of there parties

77.1

Initial Public Offering of Common Stock

Burns Philp up 32% at half-term

By Kevin Brown in Sydney

BURNS Philp, the Australian food and hardware group, yesterday announced a 32 per cent increase in net profit to A\$54.5m (US\$37m) for the six months ended December, on sales up 17 per cent to

A\$1,35bn. The group said its North American consumer foods and formed "particularly strongly". The recently-acquired Durkee-French spice husiness in the US also made a "significant"

Mr Andrew Turnbull, managing director, said the group

was "pretty happy" with the result. He forecast an improvement on last year's full-year net earnings of A\$101m. The board raised the divi-

dend from 8 cents to 8.5 cents.

heiping to maintain the shares at a peak AS4.08 on the Australian Stock Exchange, despite a weak market. Burns Philp said that two thirds of pre-tax profits were contributed by the food

operations in North and South America, which reported a 66 per cent improvement in operating earnings to A\$65.9m. Most of the improvement

was contributed by Durkee-French, purchased last year for A\$113m, which recorded pre-tax profits of A\$18.4m. The group sald the division also gained from improved productivity and higher returns from its Argentine operations.

The food ingredients bushnesses in the Asia/Pacific region, which includes Australia, raised operating earnings hy 25 per cent to A\$20.9m, largely as a result of the bene-

However, Burns Philp said pre-tax returns from its BBC Hardware division fell by 11 per cent to A\$17.9m, mainly because of high unemployment and low consumer confidence in Australia.

HK Daily News in rights issue

HONG KONG Daily News and Trading, which publishes the Chinese-language Hong Kong Daily News, is to reincorporate ln Bermuda end raise HK\$149.3m (US\$19.3m) through a rights issue, AP-DJ reports from Hong Kong.

The company plans a 10-for-1 share swap, to be followed hy e one-for-one rights Issue et HK1.28 a share.

It will also give holders one warrant for each five new shares, convertible into one new share at HKS1 on or before December, 1995.

Hong Kong Daily News has earmarked HK\$75m of the rights proceeds for e new headquarters It will also spend HK\$35m on

new production equipment. With an additional HK\$10m, Hong Kong Deily News will further develop product lines and extend its retail furniture

The company will put aside the remaining HK\$23.6m as working capital. The company's shareholding

structure will be reorganised Into e new Bermude-hesed holding company called

Ploneer Electronic has bought Trimble Navigation's 49 per cent stake in the two companies' nevigation systems oint venture, Pioneer Trimble.

which is based in California, **NEWS IN BRIEF**

Reuter reports from Tokyo. The venture will be renamed Pioneer Navicom and will be wholly owned hy Pioneer. Trimble, a world leader in

strengthening its the market-ing in Japan of its local subsid-CCBC Asset Management, pert of the Oversez-Chinese Banking group, plans to

global positioning system tech-

nology, intends to focus nn

launch an open-ended unit trust aimed at investment in the Asia-Pecific region. Reuter reports from Singa-

OCBC Asset expecte the fund, Savers AsPac Recovery Fund, to attract S\$20m (US\$12.2m) during the offer

Hong Kong Daily News Rothmans Holdings, the Australian arm of the tobacco group, expects operating profit for the year ending March to fall more than 15 per cent below the 1991-92 result, Reu-

ter reports from Sydney.
"We have reason to believe there will be a decrease in the operating profit before abnormal Items and tax for the current year, which will vary by more than 15 per cent from the

. . .

previous corresponding year," the company said. For 1991-92, Rothmans Holdlngs earned A\$129.3m (US\$87.9m), hefore abnormal items and tax.

Leighton Holdings, the Australian construction group, has written off A\$31.8m (US\$21.6m) on its development properties after pressure from Australian reguletors and further deterioretion in property market, Renter

reports from Sydney, The write-off reduced net profits for the six months December A\$3.51m, from A\$10.51m, offsetting more than donbled opereting earnings of A\$36.1m.

Wells Fargo & Company

US\$200,000,000 Floating rate subordineted capital notes due 1998

In accordance with the provisions of the notes, notice is hereby given that for the interest period 18 February 1993 to 18 May 1993 the Notes will carry an interest rate of 3.375% per annum. Interest payable on the relevant interest payment date 18 May 1993 will ount to US\$83.44 per US\$10,000 note.

Agent: Morgan Guaranty **Trust Company**

JPMorgan

GOLD FIELDS OF SOUTH AFRICA LIMITED (Incorporated in the Republic of South Africa) (Registration No. 05/04181/06)

DECLARATION OF DIVIDEND (No. 90) UNITED KINGDOM CURRENCY EQUIVALENT

in accordance with the standard conditions relating to the payment of dividend No. 90 declared on 19 January 1993, payments from the effice of the United Kingdom Registra will be made in United Kingdom currency at the tate of exchange of R4,4482 South African currency to £1 United Kingdom currency, his being the first available rate of exchange for emittances between the Republic of South Africa and the United Kingdom on 15 February 1983, as advised by the Company's South African bankers.

The United Kingdom currency equivalent of the dividend (No. 90) of 70 cents per ordinary share is therefore 15.73670 pence per share.

Per pio GOLD FIELDS CORPORATE SERVICES LIMITED

London Secretary

London Office:

17 February 1993

A Member of the Gold Fields Group

Quebec and World Bank join high-quality issuers

By Antonia Sharpe

THE international bond market had an active day as several high-quality borrowars launched deals in a variety of currencies.

Among the previously-ao-nounced global deals, the Canadian Province of Quebec's C\$1.4bn offering due 2023 was priced yesterday to yield 90 basis points over comparable Canadian government bonds, and kept to that spread when they were freed to trade in the

Syndicata managers said that a significant proportion of Quebec's bonds were placed in the US and Canada but that there had also been demand from Switzerland, Germany

and Japan.
The day's other global issue, the World Bank's Y200bn due 2003, is due to be priced early today to yield 25-27 basis points above the benchmark Japanese government bond No 145 due 2002, the same as the yield of the World Bank's first global yen deal which also matures in

An official at IBJ International, the joint lead manager and book-runner of the deal along with Morgan Stanley and Nikko Europe, said he expected the issue to be priced towards

the tighter end of the indicated range, in view of the level of demand so far.

The official added that between 40 to 50 per cent of the issue was likely to be placed in the Far East, about 30 per cent in Europe and the remainder in the US.

The good reception to these two global deals raised bopes

INTERNATIONAL BONDS

that the Kingdom of Sweden's first global offering in dollars would proceed smoothly. The terms of the deal are expected in the next few days.

Elsewhere, the European Investment Bank fulfilled market expectations by launching a Ecu500m seven-year bond. The honds were priced at 98.41 to yield 8.056 per cent, the same yield as the French government's 91/4 per cent Ecunominated OATs due 2000.

The pricing represents a yield spread of 18 basis points above the theoretical Ecu yield curva, which is based on the value of bonds denominated in component currencies. The differential between theoretical and real yields is widest at seven years. For example, the vield spread in the three-year area is virtually flat, in five years it is 10 basis points, and in the 10-year area, three basis

Syndicate managers said the fact that the EIB's bonds were pitched at the cheapest part of the curve from the investors' viewpoint indicated that there was political pressure on the supranational agency to continne to restore investor confi-

one syndicate manager. When the bonds were freed to trade, they quickly rose to 98.65 bld, giving a yield of three basis points below that of the OATs

In the D-Mark sector, the Spanish region of Andalucia reaped the benefite of a successful presentation to investors in Frankfurt last week, which enabled it to raise the amount of its previoualy-announced five-year offering from DM300m to DM400m, its maximum require-

"The deal was well preplaced," said an official at the lead manager Dresdner Bank, He added that the bonds had been evenly distributed in Germany and Switzerland, When

BOTTOWNT US DOLLARS

Mar. 1997 Mar. 1998 150 125 110 Nikko Europe Lehman Srothers Int. Salomon Grothers Int. 1/0.625 World Bankidi 200bn IBJ Ini./MSI/Nikko Europe Mar.2003 0.325 D-MARKS Oresdaer Bank Trinkaus und Burkhard: 2/1.7 0.3/0.15 Argyll Group 150 & 125 100,725 1.675/1.625 CSFB dence in the Ecu-decominated ECUS sector of the Eurobond market. 'It is in the EIB's interest 200 7.75 1.875/1.775 Barolaye de Zoete Wedd GANADIAN DOLLARS Kingdom of Denmark EBRO that the deal goes well," said 1.5bn 101.3 ABN Amro Bani SYNSS FRANCS

350

the syndicate broke, the bonds rose as high as 101 from a re-offer price of par, but eased back to 100.70 bid in the late after-

Japan Finance Corp

Compared with other sectors of the market, the D-Mark sec-tor baa been relativaly neglected in recent weeks, but syndicate managers expect some sovereign and supranational issuers to tap Belgium is reported to be considering a DM600m offering, while the European Community may raise more than DM1bn.

102.5

Mar.2000

niess stated. tFloeting rate note. a) Finst terms fixed on 23/2/83. b) Semi-annual coupon. c) over the 5.825% 1988 US treasury. d) Global leave. Priced today to yield 25-27op over the LS% fixed annual in first year and 13% - 8-month Libor thereafter.

NEW INTERNATIONAL BOND ISSUES

Meanwhile, continued good conditions in the swaps market prompted the European Bank for Reconstruction end Development (EBRD) and the Kingdom of Denmark to raise Canadian dollars for the second time in less than a Yesterday, both borrowers

cate broke on the EBRD deal, the bonds traded at their lannch spread of 26 basis points above comparable Canadian government bonds. Den-mark's deal was launched later in the day, at a yield spread of 44 basis points above compara-ble Canadian govarnment bonds, and the bonds were not freed to trade by late yester-

Credit Suisse

raised C\$250m each via five-

year offerings. When the syndi-

Argyll turns to sterling bonds to raise £150m

By Richard Waters

ARGYLL, the supermarket group, yesterday became the latest UK company to raise fixed-rate finance through a sterling bond issue, a further sign that UK finance directors believe long-term eterling interest rates are unlikely to fall much further from their current levels.

The group raised £150m through an issue of seven-year Eurobonds to meet part of the £600m cost of its store development programme this year. The bonds, with an \$!'s per

cent coupon, were priced to yield 8.1 per cent, or 80 basis points more than the 9 per cent gilt dne in 2000.

Falling UK interest rates, and a move by many compa-nies to shift their borrowing to sborter-dated instruments, has left the Eurosterling market starved of longer-dated paper, with demand reported in particular for bonds of seven years or longer. As a result, yield spreads between corporate and

government debt have narrowed steadlly in recent months.

Other issues recently have been concentrated in the longdated domestic debenture market, with Forte, the hotels group, last week raising £200m, the largest issue of secured bonds for 18 months.

Mr Colin Smith, finance director of Argyll, said the money raised yesterday has not been swapped into a float-ing-rate liability, since the company is matching the coupon payments to the expected cashflows from store developmeots.

Although unrated, Argyll was said by bankers involved in the transaction to be seen by investors as a similar credit to rival supermarket group Tesco, which carries a AA3 rat-ing. A Tesco Eurobond issue maturing in 2002 was yesterday yielding around 70 basis points over gilts. Argyll's bonds firmed in later trading yesternarrowing to 76 basis points.

S&P asked to Short-dated gilts fall as retail data wipe out rate cut hopes withdraw rating for Dai-Ichi By Sara Webb in London and Patrick Harverson

DAI-ICHI Mutual Life Insurance Company has taken the unusual step of requesting Standard & Poor'a to withdraw its credit rating, after the US agency lowered the company's rating on claims paying ability from triple-A to double-A+, S&P said, writes Tracy

Corrigan,
"In the light of the withdrawal, S&P will no longer be able to maintain surveillance of this insurer's financial streogth at a time of growing uncertainty surrounding Japa-nese financial institutions," the agency said.
The downgrada was

prompted by the earnings and capital deterioration caused by the economic downturn in Japan. S&P said that the sharp decline in the Japanese stock market had greatly reduced unrealised gains in Dai-Ichi's equities portfolio.

Retail sales climbed 1.6 per cent in January from December, showing the strongest

in New York

SHORT DATED

the March 16 Budget.

government bonds fell as news

of better-than-expected retail

sales figures wiped out hopes of a cut in the base rate before

issues edged higher on domes-

tic buying interest, resulting in a further flattening of the yield

increase in more than 18 months and a sharp turnround after the revised 1 per cent fall in sales during December. Mr Norman Lamont, the Chancellor, warned that there were no plans to adjust inter-

est rates. "The very strong bounce in Philip Tyson, economist at UBS Phillips & Drew,

The 10 per cent gilt due 1994 fell from 1054 to 105% by late afternoon to yield 5.75 per

■ GERMAN government bonds Meanwhile, longer-dated

GOVERNMENT BONDS

closed higher, with investors encouraged to buy bunde because of the strength of the D-Mark against the dol-

The Liffe bund futures con-tract opened at 93.70 and traded up to a high of 93.88 before ending tha day at around 93.85. Dealers said bopes of a relatively good M3 figure and yesterday's repo gave the market a firm tooe.

been scaled back now," said Mr 14-day securities repurchase agreements, representing a net injection of DM2.4bn in liquidity. The repos were allocated at 8.49 per cent and above, compared with 8.50 per cent and above at the previous

> Elsewhere in Europe, French government bond prices closed firmer, taking their cue from the bund market. The yield on the 81/4 per ceot bond due 2003 moved from 7.84 per cent to 7.76 per cent.

Among short-dated issues. the rally was less pronounced as the market expects the Treasnry to sell FFr17-FFr19bn of two and five-year bonds

JAPANESE government bonds continued to rally, helped by the combination of a strong yen, initial stock market weakness, and good invesof a cut in the base rate have bids amounting to DM70.7bn in 10-year paper.

	FT	FIXE	D IN	ERE	T IN	DICES		
	Feb 17	Feb 16	Feb 15	Feb 12	Feb 11	Year	High "	low.
Sevi Secs (UK) Fical Interest	95.00 111.75	\$5.95 111.59	95 BS 111.82	95.72 111.10	94.85 110.56	88.29 101,56	96.00 111.75	65.11 97.15
Bants 100: Gov " for 1962/63. C Flood Interest I	Sovernmen	ompliation	es high sa	(17/2/93),	listion: 12 low 50.63	SILFLED)), low 40	.18 (3/1/76
indicae*		Feb 10	Feb	15	Feb 12	Feb 11		Feb 1D
ER Fried Rore 5-Day average	take	149.0	143		1582 152.0	136.5 149.7	T .	141.8 155.8

The June futures contract, which opened at 109.88, rose to a new high of 110.02 before ending at 109.90.

The yield on the benchmark No 145 JGB moved from 4.17 per cent to 4.14 per cent, corresponding to the high price of the day, but ended at 4.165 per

■ US Treasury prices firmed slightly in thin trading

152.0 149.7 markets and patiently awaited President Clinton's State of the Union address to Congress. By midday the benchmark

30-year government bond was up & at 100, yielding 7.120 per cent. At the short end of the market, the two-year note was up it at 100th to yield 4.047 per

Prices were generally firmer on bopes that further losses in equities will drive investors

		Coupen	Red Date	Price	Change	Yleid	Week	Monti
AUSTRAL	.IA	10.000	10/02	110.2018	+0.345	8.42	8.62	8.85
BELOIUM		B.000	03/03	106.5400	-0.100	7.74	7 74	7.74
CANADA	•	7.250	06/03	95.8500	-0 300	7.70	7 86	7.95
DENMAR	K	8.000	05/03	95,2500	+ 3.000	8.72	8.78	8.78
FRANCE	ATAN DA7	8.500 8.500	03/97 11/02	102-2494	+0.239	7.62 7 72	7,88 7,80	7.75
GERMAN	Υ	8,000	07/02	106.9300	+ D.080	8.97	7.04	7,06
ITALY		12.000	05/02	96.2950	-0.106	13.091	13.00	13 42
MARAL	No 118 No 145	4.800 5.500	DB/09 D3/02	104.1775 108.7650	+ 0.209 + 0.010	3.B8	4,02	A.20
NETHERL	ANDS	B.250	06/02	109.4600	+ D.100	6.64	6.96	7.10
SPAIN		10,300	06/02	93.0750	-0,425	11,52	11,39	12.07
LIK COILTS	3	7.250 8.750 9.000	03/98 08/02 10/08	102-03 112-03 705-16	-4/32 -1/32	8.75 7.91 6.36	B.81 B.08 B.58	7.2 8.4 8.6
US TREA	SURY .	6.250 7.125	02/05	99-1B 100-00	-8/32	6.32 7.12	6.33 7.18	0 B/ 7.30
ECU (Fre	nch Govt	8,500	03/02	102,7850	+ 0.230	B.06	B, 10	8.2

BENCHMARK GOVERNMENT BONDS

sell-off in tha stock buoyed by the day's main ecomarkets, however, kept those nomic news - a 7.2 per cent

decline in January housing

gains to a minimum. Senti-

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE	RISES AND FALLS YESTERDAY	LIFFE EQUITY OPTIONS
U.S. DOLLAR STRAIGHTS Joseph Met	British Funds. 12 52 13 13 14 15 15 15 15 15 15 15	Option Age And Bot of Are Jud But Are
WORLD BANK 53/4 %	Forecast annualized dividend, cover and sit ratio based on prospectas or other official estimates. W For Forms Figure, 4 lease by way of rhydes, 1 learnedscales, 4 Finding price, 1 Reinfraction, 4 United countries marked, between the connection with non-particular, surger or takeover, part Price at a pression. White comprising 1 and, and 1 lease part, share. TRADITIONAL OPTIONS	Deliferer 1100 bl 81 101 20 36 42
ASIAN DEV BANK 610. 250 97 975 -4 4.96 STATE BK NEW 3/16 96 250 99 90 99 3 35900 000001 EUROPE 4 3/4 90 500 1074 1074 95 567 STATE BK NEW 3/16 96 125 96.75 97.00 3.7219 EIB 6 3/4 04 100 100 116 11 11 111 11 11 11 11 11 11 11 11 1	First Dealings Fab. 8 Cupid, Dinkle Heel, Kewill Last Dealings Feb. 19 Systems, Lonrho, McCarthy &	Brit Aeru 240 11 75 41 0 27 3b Emptumet 440 30 50 70 21 36 47 Emptumet 240 11 75 41 0 27 3b (**P46*) 500 15 33 51 45 60 69 "Underlying scorely price. I Long dated expliry mate. [**P45*] 240 4½ 25 31 22 41 48
GEMERAL MOTOR 7 1/2 95	Last Declarations Mey 20 Stone, Pittencrieff, Premier Cons. June 1 and Tadpole Tech. Puts in Lemme	FT-ACTUARIES FIXED INTEREST INDICES
100 1004 1004 5.66 CONVERTIBLE BONDS Inset price Bid Offer Press.	3-month call rate indications ere and Proteus intt. Doubles in Burahown in Saturday editions. Cells in Aegis, Angle Pacilic.	PRICE PROCES AVERAGE GROSS REGEMPTION YIELDS Feb Feb ago (approx.)
WORLD BANK 101 YEN STRAIGHTS DE NNARK 7 95. 40000 10b1, 10b3, 369 LANG SECS 6 34 02 £ 84 6 72 91 92 429 56 E18 4 5/9 91 40000 10b3, 10b	Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. All rights reserved. The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the institute of Actuaries and the Faculty of Actuaries.	Wed Feb Change Feb 16 Interest 1993 1 Low 5 Feb 16 Interest 1993 10 date 1 Low 5 Feb 16 Interest 1993 10 date 1 Low 5 Feb 17 Refitish Generalization 15 Feb 16 Interest 1993 10 date 1993 1
SNEOFIS 5.85. WORLD BAIR 6 3/400. S0000 1124 1122 4, 4 66 t Only one market malter supplied a price WORLD BAIR 6 3/400. S0000 1124 1122 4, 4 66 t Only one market malter supplied a price STRAIGHT BONDS: The yield is the yield to redomption of the bid-price; the amount leaved is in millione of currency units. Chg. day of Change on STAY FLOATING SLATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spreed — Margin above size-month officerol state (Stitron-month) spoore mean rate) for US dollars. Copn — The outernit coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cov. price = Nominal emount of pond per share expressed in CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cov. price = Nominal emount of pond per share expressed in	The Financial Times Limited 1986. All rights reserved. The FI-SE 100, FI-SE Mid 250 and FI-SE Acquaries 350 indices, the FI-SE	6 Up 10 5 years (2), 1183.49 -0.06 183.60 0.00 1.51 12 inflation rate 5% Over 5 yrs. 3.53 3.53 4.28 7 Over 5 years (12), 170.29 +0.04 170.21 0.58 0.87 13 inflation rate 10% Up 10 5 yrs. 1.06 1.03 2.92 14 inflation rate 10% Over 5 yrs. 3.33 3.33 4.09 0.51 0.96 15 Up 10 5 yrs. 1.06 1.03 2.92 1.09 1.09 1.09 1.09 1.09 1.09 1.09 1.09
CONVERTIBLE BONDS: Denominated in detars unless otherwise indicated, City, price = Nominal athours of ports per state expressed at CONVERTIBLE BONDS: Denominated in detars unless otherwise indicated, City, price = Nominal athours of ports per state expressed at CONVERTIBLE BONDS: Denominated in detars unless otherwise indicated, City, price = Nominal athours of ports per state expressed at CONVERTIBLE BONDS: Denominated in detars unless otherwise indicated, City, price = Nominal athours of ports per state expressed at CONVERTIBLE BONDS: Denominated in detars unless otherwise indicated, City, price = Nominal athours of ports per state expressed at CONVERTIBLE BONDS: Denominated in detars unless otherwise indicated, City, price = Nominal athours of ports per state expressed at CONVERTIBLE BONDS: Denominated in detars unless otherwise indicated, City, price = Nominal athours of ports per state expressed at CONVERTIBLE BONDS: Denominated in detars unless otherwise indicated at the contract of th	and London Stock Exchange in conjunction with the Institute of Actuaries and	9 Pehs & Lears (61) 126.40 +0.06 126.32 1.81 1.86 16 Lears 15 years 9.47 9.47 10.62 10.45 10.4

RTZ shares fall Mersey on warning of £52m provision

By Kenneth Gooding. Mining Correspondent

SHARES in RTZ, the world's biggest mining company, fell yesterday after it revealed that its 1992 results would include exceptional charges totalling

The share price dropped 20p in early trading but later recovered to close at 651p,

RTZ said low metals prices were forcing it to curtail operations at its 54 per cent owned Greens Creek mine in Alaska, which produces zinc and lead and is the biggest silver producer in the US. About 230 employees are

The group said it hoped to resume operations at Greens Creek when economic cooditions improved but meanwhile it would make a provision of \$48m (£32m) after tax against the book value of its invest-

ment in the mine. Greens Creek cost \$114m and

started up as recently as 1989. Last year it produced 6.979m troy ounces of silver, 36,800 tonnes of zinc and 15,100 tonnes of lead - less than 1 per cent of the lead and zinc mined last year in the world outside the former eastern bloc countries.

RTZ also revealed that Indal, its wholly owned Canadian subsidiary which is active in a broad range of North American construction-related markets, had been badly hit hy the recession and, after exceptional restructuring costs of C\$38m (£20m), recorded an after-tax loss for 1992 of C\$58m.

The group said it would be publishing 1992 results next month on the basis of the new financial reporting standards and would treat both charges as exceptional items.

RTZ reported net attributable profits of £308m for 1991 after a £74m exceptional charge for replacing its copper emelter at Bingham Canyon,

Owners Abroad renews its attack on Airtours' bid

By Richard Gourlay

OWNERS ABROAD yesterday launched its most robust defence against the hostile £215m bid from rival Airtours, claiming the smaller group was exaggerating the quality of its

Owners Ahroad said that not only did the Airtours shares included in the offer undervalue the group, they would also leave Owners Abroad shareholders with an interest in a group thet was facing fundamental problems with its own business.

The latest defence, delivered in a letter to shareholders. comes days before the Office of Fair Trading is to recommend to the trade and industry secretary whether the Airtours bid should be referred to the Monopolies and Mergers Com-

Owners focuses particularly on Airtours' relatively new Alriours international aircraft operation. It accuses Airtours of choosing a September end for its financial year in order

to inflate profits. It asked whether Airtours chose its year end just before "empty legs" are flown - the flights at the end of the holiday season when aircraft pick up passengers from resorts but carry none out. In this way Airtours was able to take the profit from the holidays sold but defer the cost of the empty legs as long as it was adding passengers year on year.
Owners Abroad also said

in Airtours' profits resulted from additions to the aircraft

As long as Airtours was adding aircraft to its fleet just before the summer - as it has been doing - it would each year take the benefit of a greater number of profitable summer aircraft than loss-making winter aircraft.

Owners asked what would happen once Airtours' fleet size had stabilised. The document asked whether Airtours was trying to buy its way out of trouble. It questioned whether recent Airtours' approaches to other tour operators such as Cosmos, Aspro, Iberotravel, and Unijet, repre-sented a clearly defined strategy for growth "or just a desperate need to huy almost anything with a meaningful market share in an attempt to

Owners Abroad also released us annuai rep which revealed that net asset value had risen only £700,000 in the year to Octoher, in spite of pre-tax profits of £25.5m.

bolster volume".

The difference was the result of a more conservative treatment of goodwill in connection with the 1991 acquisition of Olympic Holidays.

The accounts also revealed that the highest paid Owners Abroad executive earned £418,000 and the chairman earned £364,000 during the year, some of it in respect of the two previous financial

BOARD MEETINGS

The following compenies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not evaliable as to whether the dividends are interim or finals and the subdividens shown below are based mainly on last wear's timetables.



Docks 24% higher at £16.4m By Ian Hamilton Fazey, Northern Correspondent

MERSEY DOCKS and Harbour reported a third successive record year for 1992, with pretax profits up 24 per cent from £13.2m to £16.4m.

Turnover showed a similar increase to £86.4m, against

Tonnage through the port was up 12 per cent at 27.8m tonnes (24.74m tonnes), partly a result of the company taking over Coastal, an Irish Sea container line, in 1991.

Improved margins reflected tight cost control, plus benefits from joint ventures or subsidiaries in shipping services, stevedoring, security, manage-ment consultancy and ware-Earnings per chare were

18.01p (16.98p). A proposed final dividend of 5p brings the total to 7.5p (6p).

Although 1992 was the first year in which the company faced a full tax charge, Mr Bill

Slater, chairman, said earnings compared well with the last tax-free year of 1990, when the figure was 17.92p. There was no contribution

from property development, although sales of land and ehares in snhsidlarles amounted to £1.59m. This was offset by severance costs and exceptional maintenance on the Port of Liverpool Building totalling £1.58m.

The results, together with the return to a full tax charge, marked the end of 22 years of reconstruction following the government's rescue of the old Mersey Docks and Harbour Board which came close to defaulting on its bonds to

The rescne forbade dividends while the company owed the government money, hat government wrote off £111.5m of repayable grants and loans - used for modernisation - in 1989.

The company now employs 1,640 people - fewer than half of them dockers, compared with 7,000 dockers in the mid-

1970s. Mr Slater said the govern-ment, the biggest shareholder, had told the company it had no immediate plans to sell its 20.67 per cent stake. Mr Trevor Furlong, manag-

ing director, said Mersey Docks was still looking to buy east coast port that would provide synergy at the European end of a UK land bridge. Liverpool is now a principal hnb for transatlantic, Irish, Mediterranean and West Afri-

can cargoes. Development within Mersey Docks includes PowerGen's £40m coal terminal, which starts working this year, and a new timber products warehouse. A euro rail terminal for the Channel Tunnel is complete, as is a business park in

Shoprite

placing result Shoprite Group announced that of 1.56m new shares offered through placing and open offer, 949,646 were placed firm with institutional investors. Of the balance of 613.966 shares, shareholders applied for 535,325 shares. The remainder have been taken np by institutional clients of Credit Lyonnais Lang.

Out of favour with US institutions Peter John looks at the depressed state of the share prices of UK drug makers

From late last year, when the US hegan to scent economic recovery and jitters developed over President Clinton's administration plans for health reform, the whole sector has been shunned.

big US institutions.

With the added pressure on sterling-based stocks of a 30cent fall in the pound against the dollar since last autumn. UK stocks have become

stocks are more than

out of favour with the

increasingly less popular. The three UK drug companies with significant exposure to the US - Glaxo, Wellcome and SmithKline Beecham have regularly seen their share prices pick up in the morning in London only to fall back when trading begins on Wall

November 3, the date of the US presidential election, Glaxo'a share price has dropped more than 170p to 662p, Wellcome has fallen almost 100p to 898p and SmithKline A shares have fallen by the same amount to

Since the close of trading on

In contrast, the FT-SE 100 has risen more than 100 points. Although currency shifts cloud the issue the falls in the UK drug stocks have been cent, or some 56m shares, over

K pharmaceuticals broadly in line with those of their US counterparts.

Over the past three months Glaxo bas dropped 26.6 per cent against the S&P Composite index, SmithKline 23.8 per cent and Wellcome 15.4 per ceot. Meanwhile, Merck has lost 19.3 per cent, Pfizer 23.8 per cent and Lilly 17.8 per cent. Of the three UK groups, Wellcome generates the highest amount of business in North America but has the lowest exposure to the US stock market. Some 43 per cent of turnover and 49 per cent of profits come from the region although only 6.05 per cent of the company's shares, about 52m, were beld in the form of

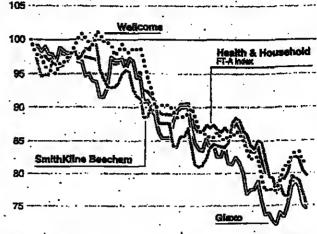
ment in December. Subsequently, the stake has fallen by about 2m shares but the company argues that it is not exposed to the threats faced by the industry, particularly the call for price cuts. "Historically we haven't particularly been reliant on price increases hnt volume growth," says Wellcome's Mr Mike Wort. SmithKline has the biggest

American Depositary Receipts

at the last official announce-

exposure to the US in chare terms, about 27 per cent, and believes that the ADR holding has fallen by about 0.5 per

Share prices and FT-A Index relative to the FT-A Alf-Share Index



the past three months. The company generates about 40 per cent of sales in the US and is heavily exposed to the managed health care sector which is one of the principal targets

for the Clinton reform. It is also the only one among the three companies to manufacture in Puerto Rico. There is a belief that President Clinton will cut back existing tax breaks for companies operating

Nov

1992

main drug, Tagamet, comes off

patent next year.
The greatest eufferer in share price terms bae been Glaxo. The company generates about 38 per cent of sales in the US where, at the last official count in November, 23.8 per cent of its shares were held as ADRs in New York.

The company was hesitant of commenting on the falls ahead of today's announcement of full year profits and is avoiding

the temptation to jump the gun on the Clinton price reforms. Nevertheless, the political changes in the US only add to worries in some quarters that Glaxo is too much of a onedrug company and until some new products are flushed through the research and development pipeline the shares could remain under pre-

However, Mr Jonathan Gelles, of Wertheim Schröder in New York, argues that concerns over Zantac and, indeed, over the group as a whole, are overdone. "We believe that, at these levels, the sectur is bas-ing out very firmly indeed and invectors should he taking major positions. The wise man ehould be buying Glaxo and

Wellcome," he said.

An interesting point is that the ADR listings of the three companies do not appear to have changed as greatly as the widespread US selling would indicate.

One reason for this is the trickle-down effect of small retail investors picking up stock offloaded by the hig insti-

tutions. Also, in the UK where the attitude to the sector is more positive. sume institutious bave been buying via the

1:1

biil

GPG buys Brown Shipley stake

THE SMOOTH passage of Brown Shipley Holdings, the investment and broking business, into the arms of its largest shareholder was called into question yesterday when it was disclosed that Guinness Peat Group bad bought shares at above the offer

GPG, the UK investment vehicle for Sir Ron Brierley, the New Zealand entrepreneur, has bought a 7.5 per cent stake in BSH. The last purchase of shares was at 33p, which is 3p ahove Kredletbank Luxem ment particularly in the UK to 35p.

CONTROL Securities, the property, brewing and

hotels group which is currently negotiating a refinancing deal with its hanks, will loday

announce interim results up to the end of last

it will also call an extraordinary meeting

shareholders to ask authority for the board

to continue negotiations with banks and credit-

The group had boped to be able to agree terms

of the refinancing by the end of this month and

However, negotiations appear to he taking longer than expected, although people involv-ed stressed this was not necessarily a bad

By Maggie Urry

September.

"to achieve a more even bal-ance between the level of bourgeoise'e offer, KBL already owns 29.8 per cent of the investment in Europe and Aus-

The move by GPG was welcomed by one shareholder who said it was proving difficult to decide whether KBL's offer was adequate. BSH'a share price gained 2p

to close at 35p. GPG would only say it had taken the stake for investment purposes. In last November's document accompanying the lifting of a near-two-year sus-

pension of its shares, it said it planned to identify opportuni-

ties for acquisition and invest-

reluctantly recommended KBL's offer, which values the group at £4.8m against net assets of £8.1m. The sale appeared a forced

The shares have been suspended since Octo-

ber 1991, when the group's offices were raided

by the Serious Fraud Office in connection with

the investigation into the Bank of Credit and

Control was not under investigation, but Mr

Nazmu Virani, Its former chairman and chief

Control also sald yesterday that the

liquidators of BCCI now controlled, and would

he able to vote, 14.9 per cent of Control

and other holdings totalling 9.7 per cent had been pledged to the bank. Some of these other

BCCI had had e 5.2 per cent stake in Control

Commerce International.

executive, was arrested in

connection with BCCL

the Virani family.

tralasia.*

one because KBL was about to pass on claims of up to £2.4m arising from its purchase of Brown Shipley & Co, the merchant bank, last year. When news of the claims and

Two weeks ago BSH's board

KBL's potential offer broke, BSH's share price fell from 51p

December 31. Control Securities talks continue

product licence in August. In November Boots said that marketing costs relating to Manoplax had reached £8m in the first balf of the financial year to September 30, and would continue at or above that level in the second balf.

launch of heart drug Boots agreed a co-marketing deal with Parke-Davis, part of Warner-Lambert, the US drug

By Maggie Urry

BOOTS, the retail and pharmaceutical group, said yesterday that it would launch Manoplax, its new drug for congestive heart failure, in the US on March 29. The company's shares rose

6p to 491p. The drug, which is expected to be a significant profit earner for Boots' pharmaceutical business through the 1990s, won approval from the US Food and

Drug Administration on It was launched in the UK last September, after gaining a company, in July 1991 which will cover Manoplax in the US. Ahout 3m Americans suffer from congestive heart failure and 400,000 new cases are diagnosed each year. Under the FDA approval,

Manoplax is indicated in patients not responding to or unable to tolerate other treatments. It is hoped that later Manoplax will be used more widely.

The drug is manufactured in the UK but packaged in the US. Boots is already building up supplies to the US market. It has a fairly limited use at

The price of the drug in the US will be in line with the UK price, at \$60 (£42) for 30 50mg or 75mg tablets and \$120 for 60 100mg tablets.

DIVIDENDS ANNOUNCED

Boots sets date for US

	Current payment	Date of payment	Corres - ponding dividend	Total lor year	Total last year
ersey Docksfin	- 5	May 14	4	7.5	6
are Zealand Invint	0.52	Apr 2	0.5	•	2.1
orth Amer Gasinl	กม	-	1.125	•	2.25
progmorton Tstfin		Apr 2	1.4	2.3	2.3
rdonfin	0.51	May 7	•	0.75	-

Dividends shown pence per share net except where otherwise stated.

shares are understood to have been owned by

ENQUIRY SERVICE

FT READERS'

put them to shareholders.

If you require information about the coolent of the Financial Times or about specific articles please contact oor FT Readers' Ecquiry Service by phone, fax or letter. Call our research staff between 9.30 am and midday or 2.00 pm and 4.45 pm

> Call 071-873 4211 Fax 071-873 3084

Monday m Friday.

ARE YOU GETTING **YOUR** FT COMMENT DAILY?

FLANDERS

FT SURVEYS

This notice is issued in compliance with the requirements of the The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange"). Application has been made to the London Stock Exchange for admission to the Official List of the undermentioned securities:

BOWATER

£302,276,736 nominal of convertible non-interest bearing subordinated unsecured loan stock (the "Stock") divided into 75,569,184 units of 400p each, automatically

convertible into new Ordinary shares of 50p each. 75,569,184 new Ordinary shares of 50p each, to be issued credited as fully paid on conversion of the Stock.

Bowater is the holding company of a group engaged primarily in the manufacture of packaging materials, printing and coated industrial films, with additional interests in tissue, building materials and engineering.

Copies of the listing particulars may be obtained during normal business hours from the Company Announcements Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2N 1HP up to and including 22nd February, 1993 for collection only, and until 4th March, 1993 (Saturdays and public holidays excepted) from Bowater plc, Bowater House, Knightsbridge, London SW1X 7NN and from:

Morgan Grenfell & Co. Limited 23 Great Winchester Street London EC2P 2AX

Hoare Govett Corporate Finance Limited 4 Broadgate London EC2M 7LE

18th February, 1993

Bowater plc (incorporated in England registered number 191285)

RESPONSIBLE CARE: THE CHEMICAL INDUSTRY AND THE ENVIRONMENT

The Financial Times proposes to publish this survey on

27™ May, 1993 Published as part of the news paper it will be seen by over one million

sedera in 160 countries world-wide. The survey will be read by 35,000 directors and managers in the UK manufacturing and energy industries* and over 23,000 senior European businessmen in the same sector.**

The survey will also he seen by more members of the European Parliament*** than any other English language newspaper and 100% of UK business and financial journalists. additionally the survey is being timed in coincide with the international

Chemical industry Conference held in Brussels on 27-28 May 1993 and will For further information about the SURVEY and ADVENTISHING details, please contacts.

Group Head -Client Sales Financial Tha

Tet: 071 873 3780 Fax: 071 873 3002

Information Sources: BMRC - The Business Survey

Rose Caroly 15

745 39 2 816 1987 Fee 32 2 813 7106

*** MORE - Members of the European Resignent Survey 1961. **** MORE - Business & ** EPS - The Bargoon | FINANCIAL TIMES

Notice to the Holders of Warrants KAKEN PHARMACEUTICAL CO., LTD. Issued to conjunction with U.S.5 100,#08,000

41/2 per cent. Guaranteed Notes 1994 Notice is hereby given that the Board of Oirectors of the Company resolved on 20th January, 1993 that it will make a suck split at a rate of 1.05 to 1 to its shareholders of record as at 31st March,

As a result of the stock split stoted above the Subscription Price of the captions Warrants will be adjusted as follows: Subscription Price before adjustment:
 Subscription Price after refusionent: Yen 1,425.00

Yen 1,357,10 1st April, 1993 (Japan rime) KAKEN PHARMACEUTICAL CO., LTD.

18th February, 1993

DON'T

TRAVEL

WITHOU.

US.

NOTICE TO THE HOLDERS OF HOKKAI CAN CO., LTD. Bearer Warrants issued with U.S.\$100,000,000

4 % per cent. Guaranteed Bonds 1995

(the "Warrants") Notice is hereby given that at its meetings held on 21st January and 28th January, 1993, the Board of Directors of Hokkai Can Co., Ltd. resolved to issue on 15th February, 1993 Japanese Yen 10,000,000,000 21/2 per cent. Convertible Bonds due 2000 with the initial conversion price per share of Yen 1,241 which was fixed on 28th January, 1993 and because of such conversion pric being less than the current market price per share for the Warrants as at 28th January, 1993, of Yen 1,286.00, which is the average of the daily closing price per share on the Tokyo Stock Exchange for the 30 consecutive trading days commencing on 11th November, 1992 and ending on 29th December, 1992, the following adjustment to the Subscription Price of the Warrants has been

1) Subscription Price per share prior to adjustment 2) Adjusted Subscription price per share 3) Effective date of the above adjustment

:Yen 1,654.70 :16th February, 1993

Hokkai Can Co., Ltd.

(as Principal Paying Agent)

By: Sukura Trust International Limited Dated: 18th February, 1993

City of Copenhagen ECU 75,000,000 8% 1987-1997 Bonds In accordance with peragraph Amarization of the Terms and Conditions of the Bonds, notice is hereby given to Bondholders that the nominal amount of ECU 12,500,000 redeemable on March 26,

Luxembourg, February 18, 1993

1993 has been bought in the market.

Amount outstanding: ECU 50,000,000



Krediethank Linembourg

Andrew Bolger looks at

SAFETY LIGHTS are poised to go on all over Europe, thanks to rapid

expansion by Menvier-Swain

Group, a USM-quoted company

hased in Banhury, north

Menvier, which also makes fire and security alarms, is the

leading UK supplier of emer-

gency lighting for commercial and industrial premises, with 30 per cent of the British mar-

ket. Its latest French acquisi-

tion, Nugelec, was funded this month by a 19m rights issue,

and expands the group's Euro-pean network, which stretches from Denmark to Portugal.

Since being floated in 1986

Menvier's market capitalisa-tion has grown from £13.3m to £82.8m. Pre-tax profits were

£1.64m on sales of £12m post-flotation, and analysts now

expect the group to make pre-

tax profits of about £7.3m on

Oxfordshire.

Menvier-Swain's growth

Pre-tax Profits (Em)

Wimpey to reorganise land bank structure

By Andrew Taylor, Construction Correspondent

GEORGE WIMPEY Is to reorganise the way in which it huys building plots in an attempt to avoid the mistakes of the late 1980s when house-builders were left with large amounts of overpriced land.

The group, Britain's second largest hoosebuilder, annonnced yesterday that it was to establish a new subsidiary which would be responsihle for making long term land acquisitions.

The company will take over Wimpey's existing long term land portfolio of more than 2,000 acres and sell the sites on to the group's 10 regional househuilding subsidiaries as required.

It will also be expected to generate profits from selling sites to other househuilders and earn fees from managing greenfield sites by taking land owned hy outsiders through the planning process to the point of development.

Mr Joe Dwyer, Wimpey's substantial provisions against chief executive, said the group's housing division would market. be expected to monitor its success by measuring return on

Traditionally, UK house builders have evaluated their performance simply by taking the cost of land and building and deducting this from the sale price of a home to arrive at a gross margin. Little heed was paid to the cost of holding land.

This approach worked while high inflation ensured that house and land prices enjoyed unbroken increases throughout the 1970s and for most of the 1980s. As a result shares of housebuilders with large tracts of land, acquired many years earlier at low prices, were often more highly valued than those working on short dura-

tion land banks. Househuilders, however, were caught badly at the end of the 1980s when house and land prices fell steeply, forcing Wimpey and others to make

Wimpey's housebuilding subsidiaries will, in future, be expected to base land purchases on foreseeable produc-tion and house prices. The new subsidiary, which Mr Dwyer says will work under tight financial disciplines, will provide a reservoir of longer term land for the group, which expects to build more than 6,000 homes in the UK this

The plan is the work of Mr Richard Andrew, a former executive director of Scanding vian Bank in the UK, who last year was appointed chairman and chief executive of Wimpey's househuilding divi-

Mr Dwyer said yesterday that it was an unusual appointment but that it was felt that a banker would bring the appropriate financial experience to an area where asset management, increasingly, was the key to profitability.

sales of £51m in the current vear to April. The success represents the fulfilment of a youthful dream by Mr Roger Fletcher, 44, the group's chief executive. While studying electronics at Southampton University in the late 1960s he became friends with an electrical engineering student, Mr Christopher Swain, whose father Charles had built up an electrical contracting

business in Banbury.

Mr Fletcher said: "Like all students, Christopher and I used to sit up late at night drinking coffee and making plans. I always wanted to branch out on my own."
Instead, Mr Fletcher joined

Marconi and worked for five years on defence-related electronics. His opportunity came in 1975, when the Swalns approached him and said they could not obtain a decent emergency light.
The Swains invested £2,000

and Mr Fletcher started working, assisted by two women, in the attic of one of the stores Together they developed a converter enabling a florescent light to switch to hattery back-up after an electricity failure - a product which gave the group eventual leadership of the UK market.

In 1988, Menvier bought Blessing Electronics, a Nether landa emergency lighting group, and has since made acquisitions in France, Portugal, Denmark, Greece and Italy. Most of the deals have been relatively small, although the group's first French acquisition, Luminox, was funded by a £6.6m rights issue in 1989.

Menvier turned to Europe both hecausa it saw limited scope to increase market share in the UK, and because the unified European market seemed to offer exceptional opportunities. EC directives require all new buildings to be fitted with adequate emergency lighting from this year, and all existing buildings in northern Europe



Rapid development for a bright idea

Roger Fletcher: group will consolidate for the next year

will need to he upgraded before the end of 1995, with Greece and Portugal being allowed a further two years to upgrade. Not all Menvier's overseas entures have been successful. In 1987 It bought a Bostonbased emergency lighting com-pany, but sold it in 1991, having lost about £700,000 in what Mr Fletcher now characterises as a useful - if expensive -

learning process.
"We thought we knew better than all the other British companies who have had their fingers burnt in the States. Over there, all people seemed to be interested in was the price of our product, whereas in Europe people are more inter-ested in whether it will do the

The Boston company was a loss-maker, and Menvler has since then avoided turnrounds. Instead, it has concentrated on huying profitable European companies with good market positions, offering the vendors earn-out

NEWS DIGEST

The sale completes Brooker's

withdrawal from health foods.

The group also announced that the functions of Booker

Cash and Carry and Booker

Wholesale Foods were to be

brought together under a sin-

New Zealand Trust

The New Zealand Investment Trust, managed by Colonial Mutual Life Assurance, saw

net assets per share leap to

ne tehte

stantial increase on the net asset value of 89.3p 12 months

earlier. The value at the trust's

year-end in October was

130.73p per share.
Net revenue for the three months to end-January

amounted to £69,424, up from

£62,141 at the same stage last

tlme. Earnings per share emerged at 0.69p (0.62p); an

unchanged first interim divi-

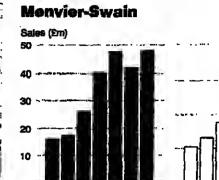
dend of 0.5p is declared.

Baring Tribune

net assets rise

net assets jump

ding intra-group liabilities.



agreements and shares in the UK group.

Mr Fletcher said Menvier tried to impose very light con-trols on its subsidiaries at the operating level, although all must file weekly reports of sales, cash and stocks. Each country's regulations differ, requiring particular product adaptions, and Menvier allows individual subsidiaries to keep their own names and choose whether to identify with the

Although the bulk of Mcnvier's business still comes from emergency lighting, the group is expanding its fire alarm activity and has identified security alarms as the "third layer" which it has started to

Menvier's share price has tri-pled since early 1991, as institutions have supported the group's overseas strategy and welcomed the increasing liquidity of the stock. Mr Christopher Swain, who emigrated to Anstralia two years ago, sold his near-20 per cent stake.

ber 31, an improvement of

44.8p over the figure 12 months

Available revenue totalled

£3.21m (£3.23m), equal to earn-

ings of 6.27p (6.29p) per share.

makes a 6.45p (6.2p) total.

Low & Bonar sells

Low & Bonar, the packaging

and materials group, has concluded the sale of its remaining African businesses in South

Africa, Zimbabwe and Zamhia.

paid on completion with the balance payable over the next

The disposal will result in a

£1.2m write-down which will be fully provided for as an excep-

tional Item in the results for

the year to November 30 1992.

The Fleming Emerging Mar-kets Investment Trust is con-

sidering, with its advisers, a

placing and offer of additional

Fleming Emerging

may increase size

shares to increase its size.

three years.

The sale proceeds amounted £1.5m, of which £1.1m was

African interests

A final dividend of 4.75p

His father, who last year stepped down from being executive chairman to become life president placed a 16.7 per cent stake this month, but still holds 3 per cent.

nalysts like the com-A pany, which now employs about 1,000 people, hut are concerned that spread ot its activities might stretch management resources. Menvier has recognised the concern, and said the group would concentrate for the next year on consolidation, rather than further acquisi-

Mr Fletcher, who has been national champion of the UK's most powerful class of powerboats for three of the last four years, believes that Menvier can continue to make headway against the tides of recession. More than half the group's husiness comes from continental Europe, and he is even growing more optimistic about the UK: "We are at last seeing clear signs of recovery.

of the net asset value of the

Aminex, the Irish oil explora-

tion and production company,

reduced its loss after excep-

tional Items from I£4.28m to I£66,307 (£68,690) for the year

Revenue fell from 12781,031

to I£286,415. Losses per share tumbled from 63p to 0.01p. The results were brought for-

ward to include the latest

information on the company's

ended December 31 1992.

North American

Gas assets up 37%

North American Gas Invest-

ment Trust reported a net

asset value of 80.5p as at Janu-

ary 31 - a rise of 37 per cent on the comparable 58.6p. Net revenue for the six

months to end-January

improved from £330,000 to

£365,000, equivalent to earnings of 1.04p (0.94p) per share. Nevertheless, and as fore-

shadowed in the trust's annual

Reduced deficit

at Aminex

hid for Tuel

its date for fi of deart dry

BALLY KWALLERSES

Vardon beats forecast and buys seal sanctuary for £2m

By Paul Taylor

VARDON, THE leisure attractions group which runs the London Dungeon, the York Dungeon and the Sea Life Centres, is acquiring Seal Sanctu-ary in Cornwall for £1.8m in cash and paper.

Separately the group, which obtained its Stock Exchange listing in October, reported full year pre-tax profits ahead of flotation forecasts. The seal sanctuary at

Gweek, on the banks of the Helford river, was set up in 1973 and is a profitable visitor attraction based on the rescue, care and release of injured

It attracts more than 200,000 visitors a year and, after charging interest and non-recurring items of £251,000, reported the year to end February

Together with two new Sea Life centres being built in Southend-on-Sea, Essex, and Scheveningen in the Netherlands, which are due to open later this year, the acquisition of the Gweek sanctuary will Increase Vardon's operating attractions from 11 to 14.

Vardon's pre-tax profits in the year to December 31 reached £2.43m, compared with a flotation forecast of £2.29m, and £797.000 in the previous

Turnover increased by 28 per cent to £9.73m (£7.62m). The acquisition of Sea Life has been accounted for as a merger, while the results of the



David Hudd: results very pleasing given the state of the economy

Dungeons are included from their acquisition at the end of March last year.

Vardon acquired the Dungeons for £5.6m from Kunick after Mr David Hudd, chairman, and Mr Nickolas frens, chief executive and former finance director of First Leisure, joined the board of Winchmore, restructured the company and changed its

The latest results include £171,000 (£24,000) of investment income and a £273,000 extraor-

dinary charge related to the cost and losses of the sale of

Headley Agencies. Earnings per share of 4.2p were 5 per cent abead of fore-cast and the company is paying a final dividend of 0.5p making a taotal of 0.75p for the

Mr Hudd said the results were "very pleasing" given the state of the economy. Visitor attendances during the year totalled 2.9m, a 6 per cent increase on a like-for-like

Hammerson property disposal

HAMMERSON Property Investment & Development has sold Lonsdale Chambers, Chancery Lane, London, to overseas investors for £21m.

The property was refur-bished in 1984 and provides about 60,000 sq ft of office accommodation and 10,000 sq ft of retail space. Top rents in the building, which is let to 15 ten-

URS Intl shares suspended at 1/2p

URS International, the US pro-fessional services group which is quoted on the Unlisted Securities Market, yesterday called a halt to dealings in its shares

at ½p.

The company said that this decision was taken pending an announcement of an acquisition and fund raising.
A further statement, includ-

ing the preliminary announcement of the company's results for the year 1992, will be made in due course.

Throgmorton Trust net assets decline

The fully dilnted net asset value per share of Throgmorton Trust was 57.8p at November 30 1992, against 70.2p a year earlier.

revenue for the 12 months fell from £7.44m to £6.68m for earnings per share of 2.35p (2.63p). The recommended final dividend of 1.4p maintains the total for the year

Lord Stewartby, chairman, said that although there had been a significant improve-ment in the past two months net assets per share had risen to 71.4p hy January 31 -the figures for the past year

18th February 1993

related to a period of almost unprecedented turbulence and difficulty for the financial mar-

During the summer there had been a serious loss of confidence, with a consequent weakening of UK investment

values, the chairman said. However, since September, the combination of lower inter-est rates and more competitive exchange rates had improved the outlook for the economy.

There were now clear signs of positive interest in smaller companies, and the reduction in tha value of the trust's portfolio last year had, hy the end recovered

Dispute over **Etonbrook stake**

Etonbrook Propertlea, the development and dealing group, said yesterday that there had been a dispute as to the beneficial entitlement to 373,000 shares, some 9.74 per cent of its ordinary equity, currently registered in the name of Palmerston Investment

Etonbrook had received a notice from Mr Andrew Perloff which seeks to prevent the registration of the transfer of these shares to any other par-

Tha company understood that the reason for the notice was that a group of existing shareholders, including Mr Keith Moss, managing director, believed that they were entitled to these shares.

Booker makes £4m health food disposal

Booker, the food group, has sold Brewhurst Health Food Supplies to a subsidiary of Distriborg, a health food whole-saler based in Lyon, for about £4.1m.

In 1991 Brewhurst made pretax profits of £600,000 on turnover of £26.9m. Net assets at December 31 were £2.9m, exclu-

report, the interim dividend is omitted (1.125p). Directors have Net asset value per share of Baring Trihune Investment Any raising of additional capital will be structured so as stated that "emphasis this year Trust stood at 318.7p at Decemto ensure there is no dilution must be on capital growth".

World's Most Effective Aerobic Exerciser.' By simulating the total-body motion of crosscountry skiing. ExerSkier* provides a superior cardiovascular workout. It comfortably elevates your heart rate to the fitness-building level and efficiently strengthens your heart and lungs. All in as little as 20

minutes, three times a week. ExerSkier keeps weight off. ExerSkier is the best way to control excess weight which can be bad for your heart. In fact, by working your total body. ExerSkier burns more fat in less time than many ordinary fitness machines that only work your legs and burns up to 1,100 calories per hour, ExerSkier enhances your overall health. Regular ExerSkier workouts can help you strengthen your heart, tone muscles and improve stamina. And it is much less stressful on the hody than running and other high-impact sports.

> 30-day in-bome trial! 2-year guarantee!

FREE Brochure and Video!

Call our FitnessLine

0800 616179 Ext. FT3B3

Call us today!

Total-Body-Fitness

NordicTrack (U.K.) Ltd. • Dept. FT3B3 113 Regent Street • Learnington Spa Warwickshire • CV32 4NU Tel: 0926 430090 • Fax: 0926 470811

☐ Please send me a free brochure ☐ Also a free videotape (VHS PAL)

Telephone (

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY.

DISCOUNTING FINANCE B.V.

Issue of

NLG 70.000,000 Zero Coupon Bonds in registered form due 1999

Guaranteed by

Debenture Insurance Corporation Limited

Arranged by

FIRST BERMUDA SECURITIES LIMITED

authorised to serve as an investmen house by the Minister of Finance in the Islands of Bermude

R. A. COLEMAN (INTERNATIONAL) LIMITED

a member of the sourities and Futures

FERRUARY 1993

YOUR DAILY BUSINESS BRIEFING IN 160 COUNTRIES **AROUND** THE WORLD

CHRONICLE Financial Times Publication On sale every Friday £1.50

from your newsagent

INVESTORS

PUBLIC WORKS LOAN BOARD RATES Quota loans'

THE PROPERTY TRUST PLC

(Registered in England no 633000)

RIGHTS ISSUE OF UP TO 11,387,328 NEW ORDINARY

SHARES OF 25p EACH AT 25p PER SHARE

Standarders are reminded that, in accordance with the terms of the Rightz leave, full details of which were contained in a Circular to standholders dated 7th October, 1992,

the second and first instalment of 15p per share is payable to the Company's Registrary, independent Registrary Group Limited not later than 3.00 p.m. on 1st March, 1993, Sauraholders should note that failure to pay the final instalment by 1st March, 1993, Sauraholders should note that failure to pay the final instalment by 1st March, 1993,

534 658 7 738 734 Over 1 up to 2 Over 2 up to 3 Over 3 up to 4 Over 4 up to 5 Over 5 up to 6 Over 8 up to 7. Over 7 up to 6. Over 6 up to 9. Over 10 up to 15 Over 15 up to 25

COMMODITIES AND AGRICULTURE

China invites explorers to prime oil areas

By Tony Walker in Beljing

AFTER YEARS of procrastination China yester-day invited foreign oil companies to explore in promising onshore ereas, including the vast Tarim basin in the country's remote north-west.

Mr Wang Tao, president of the China National Petroleum Corporation, said yesterday that exploration bids for five blocs covering 72,730 square km (28,000 square miles) in the south-eastern eector of the

March. There would be a second round of bidding for additional acreage by early next Worrles about flagging domestic production - China

may become a net importer by 1995 – and the need to speed exploration in remote areas apparently dispelled lingering reservations about opening up territory to foreign explorers. The booming economy - GNP growth reached 12 per cent last year - is putting added strain on dwindling oil reserves.

welcomed China's decision to open its "wild west" to explora-tion — Shell and BP in particu-lar expressed strong interest but they indicated cantion about committing resources to such e remote region. Transporting oil to the coast would require a 2,000 km pipeline across some of the world's roughest terrain. Many off-shore explorers had their fingers badly burnt in China in the 1980s. A representative of Anstralia's BHP Petroleum noted ruefully yesterday that the company had drilled 28 dry

wells in the Yellow Sea and the
Pearl River Delta.

China had previously the region would become one China had previously allowed foreign participation in onshore exploration, but restricted this to relatively unpromising areas in 11 southern provinces. The exten-sion of foreign exploration leases to northern and western regions is certain to excite considerable explorers'interest. Based on fairly sketchy seis-mic data, China claims that the Tarim basin contains massive reserves of perhaps more than 100hn barrels. Even if only a

of the world biggest oilfields. Mr Wang Tao aleo announced the opening of existing officies to foreign par-ticipation. China's "mature" fields face increasing difficulties maintaining production without sophisticated enhancemont techniques. China at present produces about 2.8m barrels a day and its exports are hovering around 400,000 b/d. The country ranks sixth in

Exxon expects Indonesian gas deal to be signed soon to the development of the Natura field for the future of Indonesia'e LNG industry. By William Keeling in Jakarta

AN AGREEMENT to develo the giant Natura gas field in the South China Sea between Exxon Corporation of the US and the Indonesian govern-ment could be signed by the end of March, according to an Exxon official in Jakarta. In a recent report the World Bank estimated that the field contained 40 trillion (million million) cubic feet of proven and probable natural gas reserves mixed with about 70

trillion cu f of carbon dioxide.

Industry officials say the field will cost \$16bn-\$19bn to

develop due to the technical

difficulties of separating the

natural gas from the carbon Gas from the field would be ed into liquefied natural gas. Indonesia is at present the world's largest producer of LNG, exporting over 22m tonnes last year to Japan, Taiwan and South Korea.

The Indonesian government

and Exxon have agreed finan-cial terms for Natura's development, the Exxon official . said. But he declined to give further details. Industry officials say fiscal terms would include cost recovery and taxation terms. Further discussions are

likely to cover technical and environmental matters, including methods for disposing of the carbon dioxide. One proposal is to reinject the carbon dioxide into limestone reefs, but this may necessitate an expansion of the project's acre-Exxon has a 50 per cent stake in the field with Pertam-

ina, Indonesia's state-owned oil and gas company, holding the remainder. Industry officials say Pertamina may be unable to fund its share of development costs and be forced to reduce its stake or offer incentives for Exxon to increase its own financing burden. The World Bank report

The Natuna field could supply about 14m tonnes of LNG a year, more than compensating for the reduction from the Arun plant.

Any agreement signed next month, however, would not guarantee the project's go-abead, officials stress: Before the field could be devel-

reserves are running low.

About 12m tonnes of LNG a

year is being produced from

Pertamina's Arun plant in

North Sumatra but half its con-

trects expire in 1999 and

suppliers, banks, shippers and LNG purchaser Industry officials say the field would take about eightyears to develop before first production and would entail more than 700,000 tonnes of offshore platforms and facilities and nearly 1,000 km (620 miles)

oped, between 20 and 30 agree-

ments need to be reached with

Fragile Opec deal leaves credibility gap

Sticking to quotas will be even harder than agreeing them, writes Mark Nicholson

harder for the Organisation of Petroleum Exporting Countries to reach its agreement on second quarter output than most member countries had expected, the hardest part is still to come: sticking to it.

By the time ministers gathered in Vienna last Saturday, the oil market had already discounted the main elements of the deal reached late on Tuesday. Strong signals from Saudi Arabia and Iran during a pre-meeting tour by Mr Alirio Parra, the Opec president, that they wanted to remove at least 1m b/d from the cartel's first quarter ceiling of 24.58m b/d had added more than \$1.5 to the price of a barrel.

Opec will largely succeed in its aim of shoring up prices, therefore, if it can bold that premium. But this will rely entirely upon member countries holding hard to their respective allocations and actually delivering a ceiling of 23.58m b/d from March 1 thus taking L4m b/d off the market, given Opec's leakage earlier in the year.

Sandi Arabia, the architect of the deal, and Iran both said in Vienna that they would immediately begin notifying customers of their allocated cuts under the agreement statements the cartel's two biggest producers boped might add some credibility to the Vienna deal. The kingdom has said it will cut by 400,000 b/d to 8m b/d, while Iran is to trim to Iran to cut Kuwaiti production



3.34m b/d from 3.49m b/d. Industry analysts attending the meeting were unanimous that the agreement would offer real support to prices only once it became clear in mid-March if Opec members were keeping their word. Several suggested that even with some leakage, perhaps to e real output figure of 23.7m b/d or even 23.8m b/d, prices might still find support. European traders did not seem impressed yesterday, however, and nearby prices for Brent crude slipped

back below \$18 e barrel. The egreement'e fragility was signalled clearly by Mr Ali al-Baghli, the Kuwait oil minister. After having bowed with enormous reluctance and only after four days of stern pressure from Saudi Arabia and

to 1.6m b/d for the second quar- before the Gulf war. Before the ter, he said: "I'm going to watch this market; and any additional barrel or two and I am at liberty". If there was any cheating elsewhere, he said. Kuwait would immediately pump to what it claims will be a 2.1m b/d capacity in the second quarter,

The tough wrangling that finally brought Kuwait back within a regime of Opec alloca-tions for the first time since the Gulf war revealed a more serious flaw in the latest agreement, however Kuwait agreed to its cut only

on condition that at the next Opec meeting in June it will be accorded a third quarter cell-ing "in parity with the production allocation to other countries with similar production capacity, bistorical market share and quota". It took eight hours of negotiation for Opec members to agree this wording on Tuesday and thus enable e deal-finalising communique, But it became apparent soon after the communique's release that there was no real agreement on what it meant, Mr al-Baghli said immedietely after the meeting that

this represented an "explicit agreement" that Kuwait would be awarded parity with the United Arab Emirates when allocations for the third quarter are decided at Opec's next meeting in June, Knwait and the UAE were both awarded quotas of 1.5m b/d under into parity with Iraq. to detain Opec delegates for the importance of the London Opec's last formal quota system, agreed in July 1990, just spent \$3.5m on raising output when they next meet in June. In alloy contract, which can

war both countries hed roughly similar production capacity of around 2.5m b/d. Under the present deal the UAE will pump 2.1m b/d. Knwait was determined

above all at the latest meeting that it should re-establish its claim to its pre-Gulf war share of Opec output, even though its oil industry had not yet physi-cally reached the point where it could sustain pre-war capacity. Mr al-Baghli said on Tuesday that he considered that battls won.

Minutes after Mr al-Baghli spoke, however, his Iranian counterpart, Mr Gholamreza Aghazadeh said that the com-munique gave absolutely no guarantee that Kuwait would be given any sort of parity en ministers met again in June, with the UAE or anyone else. "Maybe that's Kuwait's perception," he said curtly. Iran opposed any mention of

parity or any overt reference to Knwait's special post-war circumstances largely because it already had its eyes on Iraq's eventual return to the oil market, Before the Gulf war, and under e hard-bargained Opec compromise between the two big Gulf neighbours reached during the Iran-Iraq war, both countries were awarded exact parity at e quota of 3.14m b/d. Above all things, Iran now wants there to be no precedent set that might tie them back into parity with Iraq.
Iran says it bes already

capacity towards a target of 4.5m b/d by March and hopes to go on to achieve an eventual sustainable capacity of 6m b/d. Whenever Iraq returns to the market, once the UN agrees that it has met all the terms of the Gulf war ceasefire and sanctions are lifted, it will do so with considerably lower output capacity than fran - even given that most industry estimates say Tehran's claims for present capacity are inflated. .

Iraq is certain to latch firmly on to any precedent Opec has set for Kuwait during its postwar reconstruction and Iran fears this means it will seek to echieve agreement that it should once again be tied into an equivalent quota to its neighbour. Indeed, Iraq said firmly after the latest deal that it regarded the July 1990 quota system, with its entrenched parity between Iran and Iraq, as the sole benchmark for Opec allocations.

However successful Opec is, therefore, in achieving its target for the second quarter, its members have already drawn the battle lines for a far tougher fight in June over market share. Iraq's return to the market is still somewhat distant - indeed Saudi Arabia is confident that the country will never re-enter the market fully while Saddam Hussein remains in power. But the arguments to accommodate iraq have begun and are likely

Aluminium in cars 'to double'

attaches "critical importance"

By Kenneth Gooding, Mining Correspondent

ALUMINIUM USAGE by the car industry can be expected to more than double, from 2.4m tonnes in 1990 to 5.7m tonnes by 2006, according to the Commodities Research Unit consultancy organisation.

Shipments of new or primary aluminium will rise at an even faster rate, from 770,000 tonnes to 28m tonnes, because of the development of "all-aluminium" or "aluminium-intensive" vehicles, it suggests in a new

study. Some of the necessary aluminium smelting capacity is already in place but this market alone will call for five or six new amelters by 2006, the CRU points out.

The trend will also increase demand for secondary (scrap) aluminium, put upward pressure on the price and increase the importance of the London

be used by manufacturers for hedging against price finctua-

The CRU made a detailed, component by component analysis, and says that the increased use of aluminium will be mainly at the expense of steel and cast iron because the switch "will be driven by the need to reduce the weight of cars and improve their fuel

By 2006 the aluminium content of an everage European car will have risen from 55 kg in 1990 to 98 kg. Usage in Japan and the US will almost double, says the CRU.

Aluminium's relatively high price compared with that for steel will mean that it will be used most intensively in luxmry cars, where buyers can afford to pay for it, and, later in this decade, in electric cars where weight savings will be essential.

The study forecasts a growing use of aluminium "space frames." (skeleton-like car bodies) and aluminium hang-on and structural panels. But it sounds a note of caution about investment in aluminium rolling mills specifically for the car market. The CRU expects that improvements in plastics recyclability and recycling systems within the 15-year period, will enable plastic body panels to become highly competitive in non-load bearing applications and "the window of growth for aluminium body panels will probably then be

closed". The study assumes a 1.8 per cent annual growth rate in car production and no further oil price shocks. "Any sharp rise in the oil price, or much more etringent legislation on fuel economy in the US and elsewhere, would considerably increase future demand for aluminium from the car industry," it concludes.
"Aluminium in Automobiles -

A 1990s Bonanza?" From the CRU, 31 Mount Pleasant, Lon-

Talk of Cuban buying helps to keep sugar price surge going

as e spate of bullish news this week pushed the market out of the narrow trading range of recent months

New York's May raw sugar contract, which ross by 0.5 cents on Tuesday, was e furclose. At the beginning of the month it was trading at 8.5

Cuba has been reported buying 100,000 tonnes of sngar from Thailand to meet its commitments in China and elsewhere in Asia. Cuba's harvest rera, the Cuban sugar minister, said earlier this month that a lack of basic inputs bed caused delays in the start-up

of a significant number of

Thalland, which in November forecast e record 1992-93 tonnes last year.

Kanya surprised the market with the announcement that it would hold a tender next Monday for 160,000 tonnes of white augar. Morocco is tendering for 14,000 tonnes of raws, and there is talk of Cuhan sales to

sector, and that has brought the funds back into New York," said one US analyst yes terday. "Fund buying spurred the market through stubborn resistance at 8.65 to 8.70, and then took it through 9 cents." "Basically the market is

1550/1549

1525.5-8.0 1553-2.5

ther 0.18 ahead in early trading is being delayed once again by harvest of 49.15m tonnes, now Mexico and of a 190,000-tonne looking a lot better," said e yesterday et 9.69 cents a lb problems with the country's expects only 43m tonnes of sale to Indonesia. London trader. "Good news London trader. "Good news was at its weakest." He pointed out that estimates for the world sugar surplus in 1992-93 were coming down, E.D. & F. Man, the London trade house, has reduced its forecast surplus from 3.4m tonnes to 1.5m

Total daily turnover 20,810 lots

Surinam bauxite strike ends

Chicago

BAUXITE MINERS in Surinam have returned to work after e two-week strike. About 2,000 miners were demanding 100 per cent wage increases to keep pace with inflation, but settled for a rise of 40 per cent. There is still a threat of industrial action as the work-

HEATING OE. 42,000 US galls, cents/US galls

ers are seeking payment for the days they were on strike. The industry, based on 1.6m tonnes-a-year refinery and a 30,000 t/y smelter, accounts for ebout 70 per cent of the South American republic's foreign earnings. It is owned by the Aluminum Company of America and Billiton, e subsidiary of Royal Dutch/Shell.

SOYABEANS 5,000 bu min; cents/60th bushel

MARKET REPORT

Nymex PLATINUM group metale wera down at midday amid Clinton'a state-of-the-union speech, which also kept trading futuras were down in aerly trading on disappointment at tha fallure to attract safe-haven buying during tha US stock market'a drop. NICKEL prices closed at aix-week highs on the LME. Thrae-month matal came within e whiskar of \$6,300 e tonna. Technical factors continued to aid the market, as prices built on overnight US marchant buying. London

London Mai	kets	
SPOT MARKETS		
Crude all (per barrel FOB)(Apri)	+ or -
Dubet Brent Stend (dated) Brent Stend (Apr) W.T.1 (1 pm est)	\$15.42-5.48 \$17.01-7.84 \$17.71-7.73 \$19.31-0.34	-395 -375 -390 -475
Olt products (NWE prompt delivery per	tonne CIF	+ 00
Premium Geschine Ges Cli Heavy Fuel Cli Nephtha Petroleum Argus Estimates	\$190-193 \$166-100 \$71-72 \$172-170	-1 -1 -1
Other		+ or ·
Gold (per troy oz)4 Silver (per troy oz)4 Platinum (per troy oz) Paltadium (per troy oz)	\$330.15 365.5c \$367.75 \$116.00	-1.70 -4,0 + 1.0 + 0.26
Copper (US Producer) Lead (US Producer) Tin (Kuela Lumpur market) Tin (New York) Zinc (US Prime Western)	104.0c 33.5c 14.91r 265.5c 62.0c	-0.04 + 1.00
Cattle (live weight) Sheep (live weight) Pigs (live weight)?	123.73p 104.88p 84.17p	+1.48* +3.66* +2.23*
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price	\$250.5 \$270.5 £269.5	+ 12.5 +6.0 +0.0
Berley (English feed) Maize (US No. 0 yellow) Wisest (US Derk Northern)	€140.0z €166.0 Unq	
Rubber (Mer)♥ Rubber (Apr)♥ Rubber (KL RSS No 1 Feb)	67.75p 68.00p 283.5m	-0.25 -0.25
Coconut oil (Philippinos)§ Paim Oil (Melsystan)§ Capra (Philippinos)§ Soyaboans (US) Cotion "A" index Woultops (64s Super)	\$447.5y \$437.5w \$277.5 £182.5u 01.20c 400p	-2.5 +0.0 -1.5 +0.45
£ a tonne unless otherwise c-cents/lb. r-inggt/kg. y- x-Aug. w-Feb/Mar z-Mar. gCrF Rottendam & Bullion taystan conts/kg &Shoop p	stated, p-po Apr/May o-F VLondon p market close	eb/Apr. hysical. m-Ma- ow live

robueta COFFEE futures finished with trimmed geine. Light origin selling halped to halt an earlier advance. Dealers sald a closa above \$945 a tonna on May would have been technically constructive end might have triggared some fund buying todey, but after peaking at \$954 the rally stalled. In Chicago WHEAT prices were sharply higher at midday in reaction to trade talk that Turkey would tender for up to 400,000 tonnes

PUGAR	- Lond	- POX	(5 per torm
Rew	Close	Previous	High/Low
Mer	196.00	193.00	195.00
May	213.00	210.00	212.00
Aug	\$12.00	212.00	211.00
White	Close	Previous	High/Low
Mey Aug	258.60 270.00	200.50 271.00	271,00 365,50 269,50 257,20
Oct	305.50	255.50	255,10 252.00
Mey Aug.	257.00 261.60		253.60 259.00 258.10
Turnove White 13	r: Raw 1	Paris- Wi	of 00 tonnes. hits (FFr per tonne
CRUDE	QIL ~ H	PE	\$/terr
	· Later	et Previo	
Apr	17.71	18.15	18.09 17.71
May Jun	17.70 17.00		18.13 17.70 18.16 17.00
Jul	17.95	18.22	18.15 17.94
Aug	18.00		18.15 77.00
Sep Oct	18,19		18,19 18,25
Nov	18.25		18.25
PE Inde	x 18.03	17.95	18.03
	r 18697 () L – 1198		\$/tone
	Close	Previous	High/Low
Mar	166.00	168.50	168.25 165.50
Apr Viay	166.25 165.75	166.00	168.00 166.00 165.50 165.75
	165.50	187.75	167.60 165.50
len .		169.25	169,00 185.75
kun Kul	168.70		171 00 188 00
kuri Nul Nug	168.50 170.50	171.25	171.00 168.00 173.00 170.50
kun Kul	168.50	171.25	171.00 188.00
kuri Aug Bep Det	168.50 170.50 172.50	171.25 174.00	171.00 168.00 173.00 170.50
kuri kuli kug Bep Dex Turnove	168.50 170.50 172.50 8763 (11	171.25 174.00	171.00 188.00 173.00 170.50 175.50 175.25
kuri kut Aug Sep Dex Turnover	168.50 170.50 172.50 r 8763 (11	171.25 174.00 1521) lota (171.00 188.00 173.00 170.50 175.50 175.25
ken kul kug Sep Oct Turmover WOOL Alst becom	168.50 170.50 172.50 172.50 8763 (11	171.25 174.00 1521) lots (171.00 188.00 173.00 170.50 175.50 175.25 of 100 toxines wool prices have
keri Auf Aug Sep Oct Turmover Wood (188.60 170.50 172.60 188.63 (11 20ugh Au 20ugh Au	171.25 174.00 1521) lote (171.00 188.00 173.00 170.00 175.50 175.25 of 100 toxines wool prices have its week, with the
keri Auf Aug Sep Oct Turmover Wood (188.60 170.50 172.60 188.63 (11 20ugh Au 20ugh Au	171.25 174.00 1521) lote (171.00 188.00 173.00 170.00 175.50 175.25 of 100 toxines wool prices have its week, with the
luni lul Aug Sep Oct VVOCL Aiti becom Wool (ing 4 with 4	168.60 170.50 172.60 r 8763 (11 tough At the e Stale Corporati 70 cents 57 e well draw	171.25 174.00 1521) lots (stratian v dearer then's marks a leg, year kean by lar	173.00 188.00 173.00 170.50 173.50 170.55 of 100 termine vool prices have its treat, with the residence reach terminated for the property compared here are still years to take
luni fut	168.60 170.50 172.60 r 8763 (11 tough Au tough Au tou tough Au tough Au tough Au tough Au tough Au tough Au tough Au tou	171.25 174.00 1521) lots (stratian v dearer then's marks a leg. yeak k earlier, ti k earlier, ti	171.00 188.00 175.00 170.00 175.50 175.25 of 100 tombee wool prices have it week, with the it indicator reach- terday compared there are still very week to take into
luni luti luti luti lugi lugi lugi lugi lugi lugi lugi lug	168.50 170.50 172.50 172.50 r 8763 (11 the e State Corporati 70 cents 57 e week withdrawns. Withdrate amou	171.25 174.00 1521) lots of dearer the dearer the or leg, year k earlier, train by far rewals and to all	173.00 188.00 173.00 170.50 173.50 170.55 of 100 termine vool prices have its treat, with the residence reach terminated for the property compared here are still years to take

COCOA - Lendon POX

Close Previous High/Low

955 941 954 935 983 \$10 927 922 934 935 Close Previous High/Low 41,8 41,3 44,0 48,5 87,5 67,5 41.5 44.0 90 0 42.0 46.0 Close Previous High/Low 144,50 147,00 144,50 144,00 148,00 144,00 HIT - Lauden POX \$10/Index point

108.0 . 107.5

Cash 267.5-8.5 0 months 297.6-8.0 Cash 6220-30 5 months 6285-90 Cash 1064-5 3 months 1064.5-5.0 Loco Lán I 351.50-354.50 359.50-841.85 79.00-82.00

> 25 14 7 78

WORLD COMMODITIES PRICES

Copper, Grade A (2 per torme)
Cash 1632-3 1530
3 months 1568-7 1654

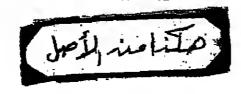
Lead (E per tonne)

41.242 lots New York BOLD 100 troy oz.; \$/troy oz 338.0 336.1 334.7 334.7 336.1 357.5 339.1 340.8 342.6 332.7 351.2 332.9 354.2 354.9 336.0 336.3 339.4 0 Feb Mar Apr Aug Oot Dec Apr May Jul Oct May May Jul 369.8 365.5 363.5 361.1 369.1 350.8 371,0 368.0 366.5 363.5 Apr Jul Oct Jan 19.25 19.27 19.33 19.40 19.45 19.60 19.61 19.64

54.05 68.60 53.50 53.60 54.90 66.30 56.46 67.40 88.25 55.85 55.20 54.50 54.10 64.25 54.85 65.50 65.50 68.10 56.96 53,46 53,56 54,30 56,30 56,45 57,40 58,25 907 929 905 963 1010 1046 1072 1092 1119 1157 905 957 964 993 1025 1055 1060 1102 1119 1151 High/Low 63.66 66.50 66.25 70.05 72.75 75.25 77.00 64.25 57.00 68.70 70.70 78.00 75.50 77.00 9.53 9.55 9.72 9.25 9.06 9.00 9.10 62,55 63,10 64,10 63,65 62,68 63,53 54,10 64,70 62.10 62.65 53.90 63.65 62.20 63.25 64.00 Previous High/Lox 70.30 78.80 76.90 80.00 82.90 65.25 85.70 90.25 65.50 72.46 75.70 78.50 81.50 85.36 88.30 88.30 88.30 Feb 17 Feb 18 meth ago yr ag 17726 1767.5 1701.8 1590.6 DOW JONES (Base: Dec. 31.1974 = 100) Feb 16 Feb 15 quish ago yr ago

573/2 575/4 580/2 582/4 583/0 689/2 597/0 603/2 571/0 573/4 573/6 580/4 580/6 587/0 584/6 801/0 570/4 572/4 578/4 580/6 561/4 587/0 594/4 602/0 20,95 21,45 21,45 21,00 21,53 21,57 .21,68 21,70 21.11 21.57 177.5 179.0 151.1 187.0 162.8 183.7 186.7 212/4 220/2 227/4 233/6 240/2 947/0 251/0 249/0 Mer Mey Jul Sep Dec Mar May Dec 368/6 943/0 323/4 828/4 337/0 839/4 82,400 78,676 72,900 70,475 71,775 72,250 82,400 45,400 45,900 60,175 48,950 46,590 41,900 42,500 45.475 44.860 50,175 48.925 46.860 41,900 42,600 43.025 Close 57,000 57,225 30,425 36,825 37,460 36.625 36.600 36.025 38.575 37.400 Feb Mar May Jul Aug

.



27

Service doubles

Aller of State

Retail sales help offset US worries

By Terry Byland, UK Stock Market Editor

AFTER A few uncomfortable moments in early trading, when market support levels were tested, the UK stock market stood up well yesterday to the US reaction to President Clinton's revised tax plans. A largely unexpected increase of 1.6 per cent in domestic retail sales in January helped the investment mood, but the Londoo market was mixed at the close with dealers keeping a wary eye on Wall Street, which was moving uncertainly at tha opening of its new trading

On the home front, atock market attentioo is now focused on today's UK unemployment figures. But at last night's close, London was also keenly awaiting President Clinton's State of the Union

At the end of the session. weakness in sterling was also restraining the UK equity market, although most strategists do not expect any further move in domestic interest rates until the Budget in March. However. the chances of a full-point rate cut then came under question as the pound gave further ground in the foreign exchange

markets yesterday. Shares feli sharply at the opening in reaction to the 82point loss in the Dow Industrial Average overnight. The

FT-SE 100 lodex dropped through 2,800 without waiting for the March index future to open, hut the early reading of 2,794.2 on the index proved to

be the day's low. The market quickly rallied, supported by a good level of loterest by the institutions, which appeared to regard the Footsie 2,800 area as huying territory. Early losses were replaced by gains and the Foot-

will be slow. She added that

selected stocks, such as Severn Trent, 3 ahead at 490p, also had

recovery potential. Among

electricity issues, London rose

7 to 451p, National Power 91/2

to 312p, PowerGen 101/4 to

314%p and Yorkshire 8 to 497p.

Pharmacenticals group

SmithKline Beecham suffered

a sharp fall in an already

depressed sector. General pres-

sure was exacerbated by wor-

ries that tax benefits for com-

panies who mannfacture in

Puerto Rico will be removed as

part of US financial reforms.

production centre for the com-

pany's US operations.

Puerto Rico is a significant

In addition, the possibility

that President Clinton might

crack down on the health sec-

tor in his State of the Union address late last night added to

the worries. Smithkline shed

10 to 439p in the "A"s and 9 to

382p in the Units. Meanwhile,

Fisons lost 5 to 238p, Glaxo 5 to

662p ahead of figures today, and Wellcome 2 to 898p.

Tobacco stocks BAT Industries and Rothmans Interna-

tional declined on fears of a

possible rise in US taxes on

overseas companies. BAT fell

11 to 958p, and Rothmans 61/2

to 611p. Conglomerate Hauson slipped 5% to 244%p on heavy turnover of 10m shares for the

Oil group Lasmo rose 6 to

172p after securities bouse

Smith New Court published a

huy recommendation. The

house said it expected Lasmo to maintain its dividend, based

on the current level of sterling

However, other oil shares

were unmoved by the

announcement of Opec production cuts, with many in the market sceptical that they would be adhered to. Opec set

an output ceiling of 23.582m

barrels per day (bpd) from

March 1, against January out-put of around 25m bpd. BP lost

a penny to 261p and Shell

Transport gained 11/2 at 5771/4.

The world's biggest mining group, RTZ, saw its shares fall sharply in early dealings after

the group announced provi-

sions for cutbacks within a US

The registered shares were

down 20 just before the official

start of trading on the surprise news that RTZ's Kennecott

subsidiary was stopping operations at its 54 per cent

owned Creek mine in Alaska. The mova will entail provi-

Although the news was

unexpected, one analyst summed up the general view

when he said: "It's a one-off provision and doesn't affect the

underlying trading position."
The market is looking for prof-

its of around £300m against

£308m last year when RTZ announces figures on March

11. The share price recovered throughout the day, partly

sions of \$48m (£33.8m).

RTZ down

snbsidiary.

Lasmo favoured

same reason.

SmithKline weak

sie touched 2,820.8 before rises were trimmed ahead of the opening of the new Wall Street session. With nothing further to go for, the market closed off the top for a final reading on the FT-SE 100 of 2,814.0, a net 1.8 up on the day.

The institutions were active, if very selective, and continued to buy stocks in the utilities sectors, which are traditionally seen as defensive in times of

TRADING VOLUME IN MAJOR STOCKS

FT-A All-Share index

1,350 ---

1,300

1992

1992

close 5 lower at 651p.

Turnover by volume (million)

Excluding: Intra-market business & Overseas turnover

3 1993

1993

helped by a buy note from US house Lehman Brothers, to

Abbey National up

High street bank Abbey National climbed 14 to 365p

with the help of an improved

recommendation from UK mer-chant bank Kleinwort Benson.

hold. He said the shares had

underperformed the FT All-

Share index by six per cent over the past month and "the

yield has got to a level where

we are happy to be buying

again." There was also talk of a badly handled buy order by

one honse. Elsewhere in the

sector, Barclays dropped 4 to 431p and National Westminster

fell 5 to 435p.

Pittencrieff jumped a further
27 to 378p on consideration of
the company's plans to split its
telecommunications division

from Its from its oil and gas

A squeeze in P & O saw the shares improve 11 to 557p. UK

airports operator BAA rose 3 to

770p after announcing it had applied for planning permis-sion to build a fifth terminal at

British Airways bounced 3 to 278p from Tuesday's falls that

followed the release of third-

FINANCIAL TIMES EQUITY INDICES

activities.

The house analyst Mr Peter Dutton moved to a buy from a

Equity Shares Traded

economic uncertainty. Stock Exchange data disclosed that retail, or customer, husiness in equities bounced to £1.23bn on Tuesday, a recovery from the brief reduction in retail activity at the beginning of

the week. Seaq volome of 618.6m shares compared with 634.3m in the previous session, with non-Footsie business making up a healthy 61 per cent of

to 434p following a £20.65m

acquisition of business maga-

zines, directories and related

exhibition interests from

Thomson Information Services

Analysts said the market liked

the fit and the fact that the

money came from Emap's

Carlton Communications

recovered 13 to 768p from its

oversold position as concerns

about rival products, particu-

larly pay-for-view proved hard

Worries that a large cus-

tomer may cancel or defer air-

craft orders hit defence and

aerospace components group

Smiths Industries. The shares

gave np 15 to 349p, with fund-ing worries at the European

Fighter Aircraft to which Smiths is also a supplier also dampening enthusiasm for the

Several brokers have now

turned cautious, including Nat

West Securities and Strauss

Turnbull which said: "The

defence cuts, health issues in

while Thomas Cowie gained 6

bulky 4m. Relief greeted the bond issue

by Argyll Gronp and the shares added 5½ to 368p. Food

specialists said a conversion

bond bad been feared. Fore-casts shavings in Albert Fisher

weakened the shares, off 11/2 at

The latest government retail figures boosted sentiment in

the stores sector. Boots, helped

additionally by news on its

Manoplax heart drug, jumped 6

to 195p.

Publisher Emap improved 4 to 491p, Dixons 9 to 218p, GUS

Feb 17 Feb 18 Feb 15 Feb 12 Feb 11 ago

| Pell light | Pell 10 | Pell 12 | Pell 12 | Pell 13 | Pell 13 | Pell 14 | Pell 14 | Pell 14 | Pell 15 | P

Open 8.00 10.00 11.00 72.00 13.00 14.00 15.00 16.00 High Low

2157.7 2162.5 2173.3 2180.2 2180.6 2175.7 2177.7 2178.7 2174.3 2182.1 2157.7

30,227 1231,3 33,594 549,5

27,569

Feb 17 Feb 16 Feb 15 Feb 12 Feb 11 Year ago

38,504 1488.7 42,215 730.2

33,737 1621,4 38,383 744,1

31,097 864.9 46,752 472.8 leas byrnover.

existing cash pile.

to pin down.

yesterday's figure. Increased activity in the second line issues was confirmed by a gain of 7.9 to 3,017.4 yesterday in the FT-SE Mid 250 index.

The oil sector made a cautious response to the agreement bammered out by the Organisation of Petroleum Exporting Countries, with initial enthusiasm checked following less favourable comments from Kuwait.

Store shares responded firmly to the January retail figures, which showed the best performance for four years and were received eagerly as the latest pointer to the progress of the domestic economy.

But the industrial conglomerates remained depressed beneath the new uncertainty over the US dollar, with pharmaceuticals still unsettled by fears of tighter federal control on US medical spending. The drugs sector was also oversbadowed by prospects for today's trading statement from Glaxo, which has underper-formed the stock market over the past four mooths.

Account	Deafing	Dates
'First Dealings: Feb 1	Feb 15	Mar 1
Option Declaration Feb 11	e: Feb 25	Mar 11
Last Dealinge: Feb 12	F#b 26	Mer 12
Account Bey: Feb 22	Mar 6	Mar 22

Telecom sector active

HINTS that the appointment of a new head of Oftel, the government's regulatory body, was imminent sparked fears of a tougher pricing regime and depressed telecoms stocks. BT fully-paid fell 5 to 398p, while the partly-paid retreated 41/2 to 293p. Vodafone fell, but rallied shead of a blg institutional meeting today and closed a penny ahead at 385p.
The effects of currency

movements continued to be felt in the market as Cable and Wireless was the latest stock to be seen as a major beneficiary of last week's dollar

Broker Hoare Govett lifted its current-year forecast by E125m to EL05hn. Analyst Mr Jim Ross said: "With the US economy picking up ahead of Europe, further dollar streogthening over the medium term is likely." Hoare also increased its new customer connection rate estimates for Mercury, the C and W subsidiary, from 22,000 a month to 29,000. The shares rose 10 to 740p.

Utilities bought

The water and electricity sectors performed strongly as investors sought out defensive stocks in the wake of the US economic worries. Among waters, Anglian put on 6 at 509p, so did Tbames, at 510p, and Sonthern added 4 at 498p.

Ms Angela Whelan at BZW

said: "The sector is attractive for short-term dividend growth together with the growing realisation that the regulatory environment is increasingly stable." Ms Whelan belisves the sector's defensive qualities will override the attractions of the recovery plays, mainly because any economic revival

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (57).
BRITISH FIRIDS (5) Tross. Spc 'UC-06. Tress.
7-3-pc 'UC-15. Consols 4pc, War Loan 31-pc.
Tracs. 21-pc. OTHER FIXED WITEREST (2).
Adrican Day. 11-1gc. '10. Hydro Quebec 15pc
'11. BUILDONG MATERIALS (2) BPB. Kalon.
BUSINESS SERVICES (2) Capita, Chubb. Tiest 3's pc. O'I free Place 19, Hydro Quebec 15pc
11, BUILDING MATERIALS (2) BPB, Kalon,
BUISINESS SERVICES (2) Gepta, Chibb,
CHEMICALS (4) Evodo, Do 7s F*. Leporte,
Yuln Cobe, ELECTRONICS (2) Gresham, Kode, ELECTRONICS (2)
Gresham, Kode, ENGINEERING GENERAL
(3) Crick Riowers, Hadisiph, Modins, Robort,
VSEL, FOOD MANUFACTURISK (1) Nichols
(Vimito), Health & HOUSEMOLD (2) Geopat,
Topnel Disprocitics, HOTELS & LEISURS
(1) Stanley Lots, INSURANCE BROKERS
(1) Loyd Thompson, INSURANCE
COMPOSITE (1) Aegon, INVESTMENT
TRUSTS (19) Admiss low Down, CST Emrg.
Adv. Crina & Eastern, Oroup Dav. Cap.,
Jong Kong, Do Wes, Indonesis Equaly, Nith
Amer Gas IR Eura Growth, Tri Fech.
1909 Pt. MEDIA (1) LIVE 580625 Pt.
OIL & GAS (1) Pidentroll, Others
FINANCIAL (1) St. Jamosia Place Gap.
PACKAGNO, PAPER & PINETIMG (1) Capital
Inst. PROPERTY (1) Sinclair Coldsmith,
STORES (4) Courts, Fine Art Devz., OUS,
Monotos (J), TELEPHONE INSTRUMES (1)
Capital & Windioss, TEXTILES (2) Albion,
Itaggra (A), WAYER (1) Anglein,
PLANTSTORS (1) Gertain, MENES (2)
Antologiada, Navora,
Mey LOWS (3).
RULDING MATERIALS (5) Durby, Russon
Int. Tudor, Electronics (1) Proteinick,
HEALTH & HOUSENIOLD (1) Specialryos,
INVESTIMENT TRUSTS (3) Abertorth Spill
Level Inc., PROPERTY (1) TYRM, MIRCE
(1) OFS Inve.

with the release of favourable Uk retail sales figures, boosted trading in stock index futures, writes Joel Kibazo. The poor opening of trading in the March contract on the FT-SE at 2,794 followed the

Wall Street, and initially led

dealers to believe a dull and

quiet session lay ahead. By

BARGAIN bunting, together 9am the contract had declined to 2,788, which proved to be

However, a faeling that Tuesday's falls had been overdone soon took hold and caused a turnround in the fortunes of March as independent traders, followed by some of the bigger accurities houses. went bargain hunting.

release of buoyant retail sales figures and continued into the afternoon, with the quiet opening on Wall Street a relief to many traders.

London report and latest Share knight

The day's high of 2,827 was of profit-taking. The March contract closed at 2,815, np 17 from Tuesday's poor finish The renewed buying gath-

ered momentum with the and at a small discount to the underlying cash market. Turnover was 11,253 lots.

In traded options, voluma totalled 32,780 contracts, of which 14,586 were in the FT-SE 100 option and 1,416 in by BT with 1,563. Glaxo and BTR were also active.

NatWest Securities raked up

recovered from their weakness earlier in the week that was prompted by hy disappointing figures from Courage. Bass added 9 at 576p, with James Capel also said to be keen, while Scottish & Newcastle

closed a net 2 off at 455p.

15 to 1585p and W.H. Smith 6 to

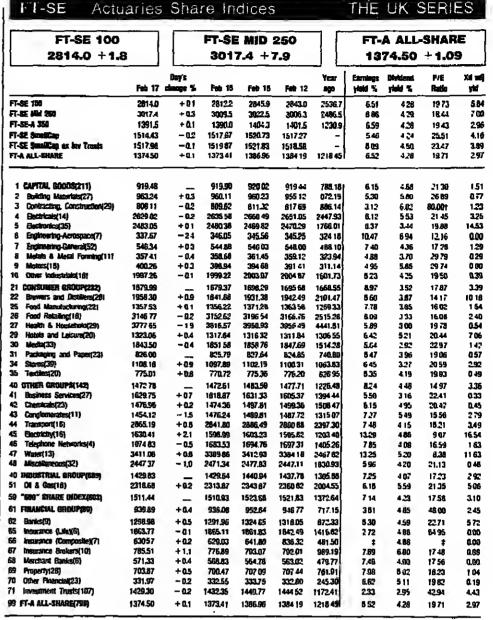
concerns over the Forte dividend and turned seller of the stock. The spares closed a penny better at 193p.

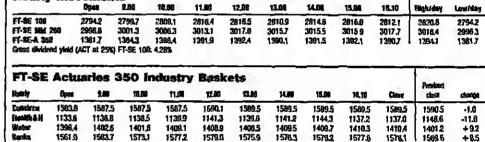
Selected brewing atocks gained 10 to 424p.
A badly-handled order npset

Whitbread and the 'A' shares

MARKET REPORTERS: Christopher Price, Joel Kibezo, Peter John

Other market statistics,





Additional information on the FT-SE Actuaries Strate Indicas is published in Saturday Issues. Lists of constituents are gyafiable from The Financial Times Limited, One Scottwark Bridge, London SEI Brit. The FT-SE Actuaries Shere Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FinSTAT at the same address.

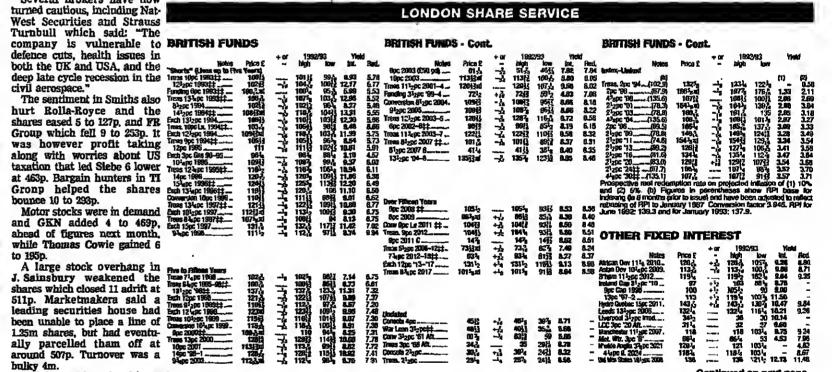
The increase in the size of the FT-Actuaries All-Shere index from January 4 1953 meets that the FT 500 now contains more stocks. It has been researed the FT 500°, it Sector P/E ratios greater than 80 are not shown. It values are negative.

The FT-SE Mid 250 and the FT-SE Actuaries 350 indices are complete by the London Stock Exchange and the FT-Actuaries and a standard and of ground rates. P the instrusional Stock Exchange of the Undext Report and Republic of treated Limited United Report and Stock Exchange of the Undext Report and Republic of treated Limited Stock Exchange of the Undext Report on the Republic of treated Limited Stock Exchange of the Undext Report of the London Stock Exchange of the Undext Report of the London Stock Exchange of the Report of the London Stock Exchange of the Report of the London Stock Exchange of the Undext Republic of treated Limited Limited Planning Three Limited.

All-State Index is copposed by the injurious Stock Exchange of a standard set of ground ruses. The injuriouslosed Stock Exchange of These Limited 1993, All rights reserved. "FT-SE" and "Footsto" are joint Financial Thros Limited. The FT-SE Actuaries Share indices are guidled by The WM Company

Hourly movements

2.00





SATQUOTE' REAL-TIME NEWS VIA SATELLITE

* AFP-EXTEL * PR. NEWS * MARKET NEWS *

* FUTURES WORLD NEWS * CALL • LONDON 071-329 3377 / FRANKFURT 69 638 021

CAL Fotures Ltd 162 Queen Victoria Street London ECAV 4BS appears every SERVICE 24 HOURS Wednesday & Thursday Tel: 071-329 3030 MEMBER SFA Call now for further ink Fac: 071-329 3918 Friday

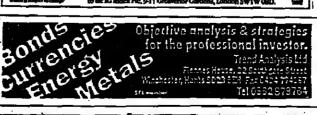
TAX-FREE* SPECULATION IN FUTURES To chinin your face Guide to how your Pennechi Bookumiter can help you, call Michael Manny or inn Jenifan on 071-028 7255 or water to us: IG Index Fig. 9-11 Grossenor Gardens, London SW1W GBD.

One Chart Equals One Hundred Stories Frels from 6 charl libraries. UK, European and International Equilies (PBF charls). Currency and FF or Commodities and FF (PBF + bar charls for professional investors/traders and experienced chart readers if that a you - call David Karly or Susan Rigg for defails felt tangon 71 - 734 7174 (971 in UK) or fax 71 - 439 4966

Appointments

Advertising

(International edition only)



BERKELRY FUTURES LIMITED 15 PARK BOAD, REGENTS PARK, LONDON, NW1 6XN, ENGLAND TEL: 071-224 8489 FAX: 071-224 8275

MORE INFORMATION AT YOUR FINGERITPS The NEW Futures Pager now updates even more Currencies, Indices, Futures and Interest Rates every 2 minutes, 24 hours a day. Call 071-895 9400 now for your free trial.

FUTURES PAGER

FXWEEK

You Deal, We'll Keep Score Call Today for Your Compilmentary Copy +44 71 240 2090

Questcorp The fastest most reliable service used by Institutions World-wide. Global Fetures Options Forex News Via FM. Available on your cortable or desktop PC at the lowess possible prize. For forther information call: 071-972 9772,

FOREXIA. FAX \$ Dm £ X An eight year track record of successful forex forecasting daily. Commentaries, forecasts, recommendations & charts from London and New York. Tel: +44 81 948 8316 Imment recruits a free trial details by tis. FBX: +44 81 948 8465 Using ter hundred coly, please did +44 61 322 7426.

EQUITY FUTURES AND OPTIONS TRADING

the day's low. continued overnight falls on

2EAQ Bargains
Equity Turnerver(Exc)†
Equity Dergains†
Shares traded (sal)†
† Excluding infra-mari

reached at around 3pm bnt was quickly followed by a bout

the Euro FT-SB option. BP was the busiest stock option with 1,761 lots transacted, followed

The state of the s

Make - Miles - Miles - Miles

AUTHORISED

UNIT TRUSTS

erforth Upit Trust Managers Ltd (1600)F

Burrage Unit Tst Mangent Ltd 109051F 117 Festurch St. London EC3M Sci. 071-807216 Short Dated Grift 11/164 32 69-32 70.251-0315 92

4

ŧ	:	<u> </u>	FUNDS SERVICE * Current Unit Trust prices are available from FT Cilyline. For further delails call (071 925 2128.
Ly .	CARCELLANCE CONTRACTOR		FUNDS SERVICE *** L. L
	Thuis 33 C.	Therefore Unit Managers List (1200) 714-77722 Aboy List Assumance Co. List 500-00-1919 (71-93) 25-90. During (State 1.00
	. -	Name of the second	

 $\mathcal{Z}(\underline{z})$

| Part | | The content of the TERRITORIES AND TERRITORIES AN 24777 24777 25774 Prosperity Life Assurance Ltd | Sectors Hur Sq. Melectow MCL4 Lick attail Enviry | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18.10 | 18. Ni Be Bulling 6 Act Five Star. 208.0 2193. -20
widernee Capitol 1292.0 2193. -20
widernee Capitol 200.0 2193. -20
widernee Capitol 200.0 2194. -20
widernee Capitol 200.0 2194. -20
with which Home ROZZY 98.4 0.25
family Mac. 219.5 219.6 0.9
families Acc. 219.5 219.6 0.9
families 219.6 0. CANADA CSIR ENGINEERS

CANADA CSIR ENGINEERS Janus Centry Acc. | 151.2 | 157.3 | -1.1 | int Emity | 64 6 | 77.4 | int Emity | 65 6 | 77.4 | int Emity | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 ### Comment of the co | Colorary 73.8 -0.7 56.5 -0.1 71.6 -0.4 77.6 -0.4 87.7 +1.2 94.2 +0.1 78.7 -0.5 6493 232323 Contract Cross, Ohrestephon, 84 647

Manual PP. — 221.4 296

Perm Macapus FR. — 1976 200.2

Window Life Assar Ca Lid

Window Life Assar Ca Lid

Window Life Assar Ca Lid

Window Rose, Telend Stronghre

Arretan. — 111.5 101.0

Edward Life. — 117.7 1 e 0

Edward Life. Assardunce Ca Lid

Life. Edward Life. — 117.7 1 e 0

Edward Life. Assardunce Ca Lid

Life. Edward Life. — 117.7 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Exception Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward Life. Edward Life. — 117.1 1 e 0

Edward OFF SHORE INSURANCES

AXE Equity & Law Intil Life Asset Co
Victory Ne, Promot HIL Drowns, Lote Co. Victory Ne, Promot Hill Drowns, Lote Co. Victory New York New York Co. Victory New York Co. Victory New York Co. Victory New York New York Co. Victory New York Co. Victory New York Ne -23 -40.1 -30 +0.1 +0.1 Werk Growth (S. | SL275 | Light | Mark Growth (S. | SL275 | Mark Growth (S. | SL275 | Mark Growth (S. | Sl275 | Mark Growth (S. | Sl276 | Mark Growt CHI Insurance Ce Ltd
Certain Medical His, Dosqio J.O.N.
Care I Medical His J.O.N.
Care I Med

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound closes at record low

DM1.6315.

still uncertain about President

Clinton's State of the Union

speech. Dealers were con-

previous night's close of

The morning saw strong buying of the D-Mark mainly

at the expense of the lira and the Danish krone. Enthusiasm

for the German currency

stemmed from a perception in

the market that German mone-

tary policy remained on course and that there would be no eas-

ing of rates at today's Bundes-

The lira continued to be

plagued by rumours of political

corruption and economic weakness. Analysts said it was

likely to remain under considerable pressure until it became clear whether or not the prime

bank council meeting.

STERLING dropped to its lowest ever close against the D-Mark yesterday, after better than expected retail sales fig-ures failed to convince foreign exchange markets that the government would not cut interest rates again in the near future, writes Emma Tucker.

"The scenario is that in spite of the reasonably optimistic numbers we saw today, stimulation of the economy will still be put ahead of the exchange rate," said Mr Roh Loewy, a foreign exchange dealer at Hong Kong and Shanghai

Mr Paul Chertkow, chief currency economist at UBS Phillips & Drew said: "The economic situation here still war-rants lower interest rates. The markets have reassessed the economy and believe that although the retail sales figures are better, the industrial sector is still very depressed."

A substantial amount of institutional selling of the pound for the French franc was reported in late trading and the strength of the D-Mark added to pressure on the pound. It closed in London at DM2.3500, down one and a quarter pfennigs on the day. Against the dollar it was slightly lower at \$1.4440.

£ IN NEW YORK

Feb.⊥7	Lates	Previous Clase
E Spot	1 4460-1 4470	1 4490 1 4490
1 month	0 36-0 3460	0.36 0.34pm
3 months	1 06-1 9360	1 05 1.02pm
13 months .	2 90-2 8060	2 00 2.70pm

STERLING INDEX

		Pet 17	Previous	
6.30 9.00 10.00 11.00 Noon 1.00 2.00 3.00 4.00	pm	77.0 77.0 76.9 77.0 76.8 76.5 76.5	76.4 76.4 76.6 76.7 76.6 76.6 76.8 76.9	
_			2.0	

CURRENCY RATES

Feb 17	173	Oraning Rights	Carreter	
Sterling U.S Dollar Dollar Belgian Fract Oansh Krose D-4124 Dutch Guilder Frencti Fract Lalian Lura Japanse Yen Norway Krone Spannsh Peseta Streden Krona Sribs Franc Greek Orack Irish Punt	- 39055888555 - 559 -	0 955501 1 37129 1 72415 15 9050 46.5755 8 64447 2 54285 2 54285 2 64434 2122.58 2 61358 9 61358 161.519 16 2496 2 9266 2 92666 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 92666 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 92666 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 9266 2 926	0.423063 1.19056 1.50568 13.6498 39.9999 7.44559 2.18438 2.18438 6.55120 6.55120 6.55120 6.55120 6.55120 6.56120 1.42.927 8.75575 139.569 6.86611 1.79179 260.864 0.795670	
à Baok rate ref These are not qu	a Back rate refers to central bank descunt races These are not quoted by the UK, Spain and Ireland			

CURRENCY MOVEMENTS

F±1 17	Bank of England Index	Changes %
Sterling U 5 Bottler Lasardian Dollar Austrian Schrilling Berjasn Franc Donah Krone Donah Krone Donah Krone Donah Guldee French Franc Lird Yee Poseta	76.5 66.4 95.9 115.7 116.4 119.4 120.0 100.0 100	-125000 -1250000 -125000 -125000 -125000 -125000 -125000 -125000 -125000 -1250000 -125

1980-1982 = 100. Gank of England Index Average 1985 = 1001 - Rans are for Feb.16

OTHE	R CURRE	NCIES
Feb 17	1	5
Argentina . Australia . Brazil Flotand Grece Hong Kong Kan Korea(Str) Kuwakt Lunembourg	1 4405 - 1 4430 2 1005 - 2 1025 26965.3 - 26984.1 8.3713 - 6 4765 314 300 - 320 600 81 1413 - 13.1535 2200.00° 1146 13 - 1164 65 0.44335 - 0 44350 48 40 - 48 50	1 4550 - 1.4560 18630.6 - 18630 5.8200 - 5.8500 216 480 - 220.81 7.7310 - 7.7520 1485 00* 794 00 - 800 20
Mexico Saudi Ar Singapore SAf (Cnt) S.Af (Fn)	3.7825 - 1.7925 4.4713 - 4.4745	33 50 - 33 60 26265 - 26275 3.1010 - 3.1230 1.9360 - 1.9385 3.7495 - 3.7505 1.6415 - 1.6425 3.1115 - 3.1135 4.6350 - 4.6450

Feb 17	_ 2	5
Argentina .	1 4405 - 1.4430	0 9990 - 1 0000
Australia _	2.1005 - 2.1025	1 4550 · 1 4560
Brazil	26865.3 - 26884.1	
Flotand		5.8200 - 5.8500
Greece	314 300 - 320 600	
Hang Kang	11 1413 13.1535	
iran	2200.00	1485 00"
Korea (Sth)	1146 13 - 1164 65	794 00 - 800 20
Kuwak	0.44385 0 44350	
Luxembourg	48 40 - 48 50	33 50 - 33 60
Malaysia Mexico	3,7825 - 3 7925	26265 - 26275
6.Zealand		3.1010 - 3.1030
Sandi Ar	2.7915 · 2.7956 5.4015 · 5.4125	1.9360 - 19385
Steamore	2365 23115	3.7495 - 3.7505 [64]5 - 1.425
SAF (Cm)	4.4875 4 4980	11115 - 1.6425 31115 - 31135
C ANTEN	6 6635 - 6 6980	46350 - 46150
T-t	47.00	25 0 26.00
HAE	5 2090 - 5 3013	36715 36735
Floating ra	e iran Official rate	£98.50 S66.30

MONEY MARKETS Sterling futures higher SHORT STERLING futures

staged a rally in late trading after Scandinavia Bank rumoured to deal on behalf of George Soros, the international investor - bought actively. In earlier trading the March and June contracts had drifted lower on the back of the Bank

of England's quarterly inflation report and hetter than expected retail sales figures.

UK clearing bank base lending rate 6 per cent January 26, 1993

The Bank's report warned that a further cut in interest rates could jeopardise the government's aim of defeating inflation. The retail sales figures, although widely leaked over the weekend, nevertheless heartened the market. Sales rose by 1.6 per cent in January, month-on-month, against expectations of 8 0.5 per cent

monthly increase. In the last 15 minutes of trading, the June contract rallied to 94.50, although this was still below the previous close of 94.57. The March contract closed at around 93.98, six basis points below tha

previous night's close. Traders said that two weeks ago the market was pricing in a rate cut at around the time of the Budget next month, but that it had now become sceptical about early monetary

easing. This conflicted with the prevailing view on the foreign exchanges that the government would put its desire to see economic recovery ahead of its

low-inflation goal.
"Today people are talking about the government waiting until the summer for another rate cut, if we are to get one at all," said one money market dealer.

Interbank rates were once again fairly static although easy liquidity meant that rates at the shorter end eased the Bank's forecast liquidity shortage was £200m. This was relieved in the afternoon when the Bank purchased £208m of band-1 bank bills at 5% per cent. The overnight rate stayed at around 5 per cent for most

of the day. Trading in French Pibor futures was described by one dealer as "weird". The March contract fell about ten basis points from the previous close to 88.39, but the June contract added the same to end at 90.85. Dealers said there was still

talk of a base rate rise in France, with investors still worrying about the ability of a new centre-right government's to hold tha franc in the European monetary system.

In Germany, sentiment about rates remained positive, boosted by hopes of continued moderate wage agreements.

The dollar continued to drift minister intended to reshuffle downwards with the market . his cabinet. The lira closed in London at L951.1 per D-Mark against a previous close of

cerned that zealous reduction of the budget deficit through higher taxes would impede economic recovery. The dollar closed at DM1.6280 against tha The French franc was slightly weaker against the D-Mark with the market unable to make up Its mind about the currency's direction. Some believe further pressure on the franc, in the wake of a right-wing parliamentary elec-tion victory, would lead to a fixed-rate link between the franc and the D-Mark. Yesterday Mr Theo Walgel, the German finance minister, and Mr Michel Sapin, his French coun-terpart ruled out such a minimonetary union.

> Others believe that monetary easing in Germany will come early enough to rescue the franc from devaluation. Mr Chertkow said he did not think investors were building up short franc positions.

	Ecu Central Rates	Amorets Against Ecu Feb 17	% Change from Central flate	% Spread ry Wasters Currency	Director Indicator
Spanish Peseta Irish Part. Portuguese Escudo Dutch Guilder	142 150 0 809996 180,624 2,20045 40 2802 1 95294 7 44934	139.569 0.795670 177.739 2.18432 39.9999 1.93978 7.44468	-182 -177 -160 -0.73 -0.70 -0.67 -0.06 0.34	2.19 2.14 1.% 1.08 1.04 1.02 0.40	X 8 7 2 2 2 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
French Franc	à 54988	6.57190	0.34	0 00	-36

the restrict used her on the complete commission. An entered and independental learner includer Learner in the A
re for Eco; a costuler change denotes a weak currency. Observation shows the ratio between two spreads: U
erconcage difference between the actual market and Eco central rates for a corrency, and the maximum pentil to
ercentace deviation of the currency's market rate from its Ecu central rate
17/9/92) Sterling and Italian Lina suspended from ERM Adjustment calculated by Figureial Times.

Feb 17	abused Day 1	Clase	One month	91	Three	24
sada heriands generi mark mark sad ruany tugal y way resp teles an iteriand	1.495 · 1.456 1.8190 · 1.8335 2.6395 · 2.6640 48 30 · 40 80 9.0020 · 9.8550 0.9622 · 0.972 2.3435 · 2.3645 2.3435 · 2.3645 2.3435 · 2.3645 2.3435 · 2.3645 2.3435 · 2.3645 2.3435 · 2.3645 2.3435 · 2.365 2.3435 · 2.365 2.3435 · 2.365 2.3435 · 2.365 2.3435 · 2.365 2.3435 · 2.365 2.3435 · 2.365 2.3436 · 2.365 2.3456	1.445 1.445 1.8205 1.6215 2.6400 - 2.6500 48 40 - 48.50 1.0125 - 9.0225 0.9625 - 0.9625 2.3475 - 2.3525 21.450 - 2215 50 11.49 35 - 14.46 2.34 00 - 2225 00 9.975 - 9.975 7.9625 7.9725 0.7500 10.7500 1.7200 - 173.00 1.48 1.451 2.1675 - 2.1775 2.1675 - 2.1775	0.36-0.34cma 0.09cm-0.01cm/ 1-1-134cms 0.4-0.72cm/ 1-1-134cms 0.4-0.72cm/ 1-12cm/ 1-12cm/ 1-12cm/ 1-12cm/ 1-2-4	201987747233603353565337	1 05-1 02cm 0 10m-0 02ch 33-44dn 27 - 341-ca 1 72-1 96n1 1 72-1 96n1 1 72-1 96n 207-106n 207-106n 207-106n 1 34-1 24-n 1 34-1 24-n 1 34-1 24-n 1 34-1 24-n 1 34-1 24-n 0 98-1 03-n 0 98-1 03-n 0 98-1 03-n	2025 1276 1276 1276 1276 1276 1276 1276 1276
	des taken lamants eb	e esd of London trad				_

Feb 13	Oay's spread	Clase	Orse month	n.a. Three		2.1	
f	6.8875 - 6.9575 5.4955 - 5.5290 7.3880 - 7.4750 11.9 10 - 120.25 11.4000 - 11.4770 1.4910 - 1.5066	1 4435 · 1 4445 1.4960 · 1.4970 1.3600 · 1.2610 1.3615 · 1.3215 33.50 · 33.60 6.2925 · 6.2475 1.6275 · 1.6275 1.6275 · 1.6275 1.6475 · 1.6275 1.6475 · 0.9225 5.5130 · 5.5200 7.4950 · 7.4950 1.1935 · 1.1945 1.1945 · 1.5055 1.1905 · 1.14290 1.1905 · 1.14290	0.70-0.72ptds 139-124cts 95-108as	18177777777777777777777777777777777777	1 05-1 02-6 1 90-3 90-7 2 90-3 95-8 2 80-3 95-8 2 80-3 95-8 2 80-3 95-8 2 80-3 95-8 2 80-3 95-8 2 80-3 95-8 1 18-9-1 178-8 0 85-0 95-8 1 12-73-13 35-6 0 88-0 91-8 1 12-73-13 35-6	### ##################################	

	UHO-ÇL	THREM	CA INT	EREST	RATES	_
Feb 17	Short term	7 Days notice	(Inc Month	Three Months	S):	Aera. Ozai
ering 5 Goldar n. Dottar nuch Golder nuch Golder nuch Golder nuch Franc -Mark -Mark	54.56 54.66 12 9 13 4 12 12 15 15 15 15 15 15 15 15 15 15 15 15 15	**************************************	47.56558413574.251 25.6558413574.251	614 615 615 611 1 617 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	6 57 34 34 64 77 54 77 54 77 11 104 11 104 104 104 104 104 104 104 104 104 104	54 - 54 33 - 67 67 - 77 56 - 77 113 - 11 31 - 11 31 - 11 25 - 11 124 - 11 125 - 11 126 - 11 127 - 11 128 - 11 129 - 11 120
ng term Emodella: 4-54 per cent oor	s two years 4 & minul. Short co	m rates are cal	bree years 5-4% If for US Collec	per cera; four y	Per others, be	cent fire years a days' notice

Long term 54-54 pc	Eurodo r cent	ilars tw cominal	years 4, Short to	m rate	r cent, th	for US	544 pe Dollar a	r Cera; for id Japane	r years : se Yea,	others, o
			EXC	HA	NGE	CR	oss	RAT	EŞ	
Feb.17	1	5	04	Yes	F Fr.	S Fe.	NFL.	Lira	a	6 Fr

			EXC	AH	NGE	CR	oss	RAT	ES			
Feb.17	2	5	044	Yes	F Fr.	S Fe.	N FL	Ura	a	6 Fr	Pu.	Eau
S OM YEN FF. SFr. NFL Lim CS OF. Pta Ecu	0.693 0.426 5.797 1.255 0.460 0.378 0.447 0.549 2.064 0.590 0.825	1.444 0.614 8.371 1.812 0.665 0.546 0.793 2.980 0.852 1.191	2.350 1.627 13.62 2.949 1.001 0.889 1.051 1.290 4.850 1.336 1.939	172.5 119.5 73.40 1000, 216.5 79.38 65.22 77.18 94.73 356.0 142.3	7.968 5.518 3.391 46 19 10. 3.667 3.013 3.565 4.376 16.45 4.701 6.574	2173 1505 0.925 12.60 2.127 1 0.822 0.972 1.793 4.485 1.793	2645 1.832 1.126 13.33 1320 1.183 1.452 1.452 1.560 2.182	2235 1548 951.1 12957 3905 1029 845.0 1000, 1227 44.13 1319 1844	1.821 1.261 0.775 10.56 2.225 0.838 0.688 0.885 1 3.759 1.074 1.502	48 43 33.55 200 9 67.20 12.60 20.55 10.55 20.56 20.56 20.56	169.5 117.4 72.13 982.6 212.7 78.00 64.08 75.84 93.08 349.8 100.	1 212 0 839 0 515 7 026 1 521 0 558 0 458 0 562 0 666 2 502 0 715

FT LONDON INTERBANK FIXING LLL00 am. Feb.17) 3 montes US doffers offer 34 The fining rates are the arithmetic means nounded to the nearest one-statement, of the bid and offered rates for \$1000 quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westmenter Bank, Bank of Yokyo, Desticine Bank, Bangoe National de Parts and Mongae Casarany Your.

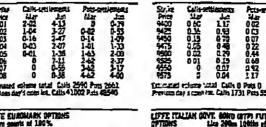
		MONE	T KA	E5		
NEW YORK			Treasur	y Bills and	Bends	
Lunchtime Prime rate Broker loan rate Fed. funds Fed. funds at luterversion	5 54	Gise month		281 Fine 297 Serie 316 10-71	rear.	5 65 5 91 6 7 12
Fd.17	Oversight	One Ragath	Two	Three Months	Siz Mondo	Lombard Interestion
Frankfart. Faris Faris Lossierdare. Lossierdare. Union Snoweis	8,55 8.65 114-114 6,25 6.31 334-114 134-114	8.456.60 134.134 55.25 822.632 32.34 11.2 92.72 15.15	635-650	8.25.46 114-124 317-51 8.02-6 12 114-114 91-93 14-144	7.85-8.00	9.00 9.10

MONEY DATES

LONDON MONEY RATES						
Feb 17	Overnight	7 days	Que Manth	Titree Months	Six Months	One Year
Interbank Offer	51 ₂ 51 ₂	54 54	9000 1 2472	0000 1 1 24.47	China I was	Destruction 1 1 25

3 12 5/4 9/4 9/4 127 3.50 5 4 6 4 6 12 305 Treasury Bills isell); one-month 5% per cent: three months 5½ per cent: six months 5% per cent; Bank Bills (sell); one-month 5% per cent; three months 5½ per cent; Treasury Bills, Average leader rate of discount 5.3316. BCGO Flood Rate Sterling Eugent Finance, Make og Gay January 29, 1993. Agreed rates for period February 24, 1993 to Barch 23, 1993 to Barch 29, 50-emes il & III: 6.20 p.c. Reference rate for period January 1, 1993 to January 20, 1993. Schemes II & III: 6.20 p.c. Reference rate for period January 1, 1993 to January 20, 1993. Schemes IV-8VY 7.0 p.c. Local Authority and Finance Houses solven days notice others seried toys fixed Finance Houses Base Rate 7½ from February 1, 1993. Certificates of Tax Deposit (Series 6); Deposit 5100,000 and orw held under one month 2½ per cent; one-three months 5½ per cent, three-dix months 4% per cent, three-dix months 4% per cent, under the control of the period of the control of the period of the control of the cent, under £100,000 2½ per cent from Jan.27, 1993. Deposits withdrawn for cash 1½ per cent.

FINANCIAL FUTURES AND OPTIONS LIFFE LING GILT FUTURES DETINGS LIFFE EURO SWISS FRANC SPINNS SPR La pends et 104%



LONDON (LIFFE)

)- i-	1% HOTTOHAL BRITISH GILT 150,000 32mb of 100%	
ŀ	Done High Line 103-01 101-05 100-25 Jan 104-19 104-21 104-12	**
y	Estimates aciame 24331 (49437) Presions day's open tot. 68936 (65996).	
e	US TREASURY BONUS ST. * S108,603 37ms et 190%	
r	Clase High Line	

tilar Jul	108-06 106-31	708-00 HACP	107:29	107-
Presides	d sciente 40 day's open in TOWAL GERM	R. 553 173 MAI GÓVT.		_
Nar Nar	000 160 time of 03 82 93 07	Hish 93 90	93.45	93.7

Na	93 82	93 90 94 14	93 45	93.72
lut Espanale Prevens	day 5 open a	79 164191	3	93.95
STHOUGH	TONAL MEDI	071 TERM 300 100H	GERMAN C	OYT,
1520	98.07	H.33	98.05	98.04
Jet	4953	70.24	~~	79.51
Ecuman	setante 385	6 4433:		

Previous cay's com on 12914 (11851) 6% HOTSONAL LONG TERM JAPANESE SUYT. 11063 11062 (CFS) 10994 Eminated actions 1121 (1667) Traced enclasively in APF

13th NOTERNAL ITALIAN COVY, NOME (STP) *
LITA 200m 180m at 100**

(1th 40.12 0.32 95.63 96.13 97.14 97.97 98.25 96.22 96.14 Es entre entre 1703 (1874); Previon 1973 (2014), 39749 (18418)

SECRES SE

573 % 54 % 25 61.63 Extrated retion 54763 (\$1.127) Previous day 1 cord on. 46,3627 '46,1595'

90.58 91.57 92.39 92.76 9154 9154 9274 40 % 61 24 40 % 60 % Jun Sep Dec 9276 9276 Extended return 652 (1394) Prended day's open art 16577 (16298) THREE WORTH ENNI SWISS FRANC STR Im mints of Linear

Estimated values 7317 (13350; Previous day's open us. 47125 (45697. THREE SIGHTH EUROLINA INT. BATE LINA 1,600m paints of 100 's 075 88.79 8565 874 8754 87.67 8714 8774 87.67 87.75 87.75 87.70 Estimates ediane 1332 (1797) Previous duy's open Inc. 30233 (30088) FT-SE 100 1981EX L25 per full lodes paint

Estimated volume 13302 (15125) Previous day's open Inc. 55792 (55397) Contracts traded on APT Closing prices shown POUND - DOLLAR

FT FOREIGN EXCHANGE RATES 1-sth. 3-mh. 6-mth 12-sth. 14090 14337 14263 14157

001 0.03 0.08 0.19 0.34 0.56 0.77 CHICAGO

0 0.01 0.03 0.03 0.05 1.18 1.68

Ses	1450 C	585 6 6570	0 6559	Dec .		•	. 435 60
PHELADELP CTL,250 ins	HIA SE C'S BPT	TERS					
SI PARIS	APP CONTRACTOR OF THE CONTRACT	105 7 52 52 52 52 52 52 52 52 52 52 52 52 52	9 501	0.73	P: 104 173 264 39) 553 738 936	159 279 279 470 626 803 1000	211 241 403 5 38 6 65 8 64 10 59
7 to 15 YEA	Z IG". NOTION	AL FRENCH RO	HD INATES !	TUTURES			
District of Secretary Secretary District	13 H	Sei: Dan 173 30 175 44 175 44 175 44	Charge +0.76 +0.40 +0.40 Test 220 236	H ₂ ch 113 34 115 19 115 44	112 94 114 80 115 10	7 103 7 91 1 71	f Open Int 203 967 69,145 6 964
THREE-MON	TH FIRST FUTE	H PETANI ZZW	tris brieferhani	affered rate)			
Security Security Security	83.43 93.33 92.13 92.13	# 39 9 35 9 35 9 32 9 32 9 32	-0 10 +0 10 +0 01 -0 01	85 % 87 % 89 82 88 89	50 53 90 53 90 53 90 53	11.51 9.25 7.61	41.061 48.556 35.459 16.771

Entrates at the 74,930 f form 200 lettern 156 371 CAC-49 FUTURES HEATIFF Shot bets . 15-74 ECU SCHE DIATED 23:00 10:06 10:06 40:46 En rund urane 4575 • fetal Open Income 12,324 043

BASE LENDING RATES

*
Acem & Company 8
Albed Trust Bank 6
AB Bank 6
Officery Ansbacher 6
2 & C Mordan Bank 13
Bank of Beroda 6
Sanor Biber Vizcaya 8
Bank of Cyprus 0
Bank of Instand
Berris of India 6
Bank of Scotland
Berdaya Berk 6
Brit Bk of Mid East 8
Strown Shipley 8
CL Sank Nederland6
CREEK NA
City Merchants Bank 6
Crydestate Bank 6
The Co county Book A

& Co

Equatorial Bank pic 6 C. Hoare & Co

Habib Bank AG Zurich _S Honglong & Shanghal, & Julian Hodge Bank 6

BLecold Joseph & Sons 6

Lloyds Bank 6

Meghraf Bank Ltd 8

McDonnell Douglae Bis. 6

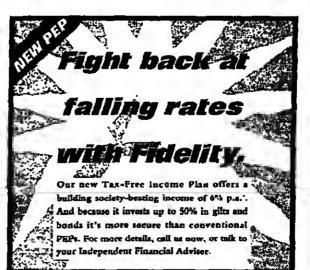
Afficiant Regis

Plooburghe Bank Ltd ... 8 Ployal Bik of Scotland ... 6 Smith & Wilman Secs . 6 Standard Chartered ... Unibank pic...... e •United Bir of Kuwait e Unity Trust Senk Pic ... 6 Western Trust 6 Withdowsy Lakkew 6

192 162

5,650

Banking &



Investments'

Currency Fax - FREE 2 week trial čisk Anne Whitby Tel. 071-734 7174 from Chart Analysis Ltd 7 Swallow Street, London W1R THD, UK -Fax: 071-439 4966 exchange rate specialists for over 18 years

GET THE EDGE: GET DIRECTUS

Futures Pager brings you highlights of directors' share transactions in their own companies, plus 2 minute updates on indices, Futures and interest Rates 24 hours a day. Call 071-895 9400 now for your free trial. **FUTURES PAGER**

MONEY MARKET FUNDS

071-625 1013

Money Market Trust Funds | Davenham Tst Pic-Davenham 500 Acc | St. Loo St Macchentr 11 400 | Oct 137 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 4464 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 61 31 | 10 000 - 6 Money Market Gardenber Money Management Lbi
16-18 Notes yet 15 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 234 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 25 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet 24 Location ECSR (Eq. 97 244 1425
16-18 Notes yet **Bank Accounts** Net CAR HE D High Interest Cheque Account 0800 252113 d Trest Bank Ltd Kiejnwort Berson Ltd 158 Keetho form #1 Lindor 1465 287 071 76/ 1386 81 C & 162 70004 15 25 5 13751 5 5741 Geis Midland Bank pic PO Box 2. Shrifteta Fuctorary Ac. 15000-HatWest Crown Reserve 41 London, London, EE2P 284 153,000 (n. 123 123,000-449,949 (n. 123 110 000 to 6.44 994 (n. 123 12 000-19 999 (n. 124 120

Her & Co Ltd 71-248-4000 4 d5 Alta 5 12 Alta 5 38 Alta 5 44 Alta 2 62 Alta 2 77 Alta 2 77 Alta 2 77 Alta

ett Roat, Streeney, SGI 300 4 301 4.001 acts 331 334 336 201

Save & Prosper/Robert Flori 16-22 Western Rd Ramford Rth 1 bi Stort Account 4 90 1535 r Lord 1 4 53 1535 r Lord 1 4 53 A Low I Van USLC Trast Limited

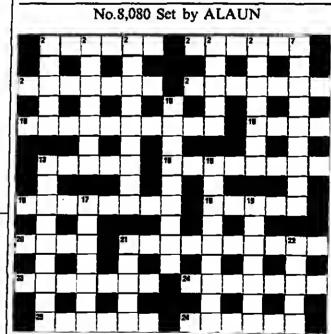
1 Great Comberland P7 Le LES 000-1 Year 1935 5 191 - 1 Years United Sessicions Trest Ltd.
Po Box 125 Aubry 51, Reading Ref 1928 0734 560411 Castind Pipe Elever Acquest 1900 19 23 3 941 5 351 Cur J. Henry Schroder Wayg & Co 1.44 120 Cocumido: Iondon FCV 0105 077-382 6000 500137 Acc 1957-5 4 031 3 481 6000 Cur 1957-5 1957-5 4 031 5 781 600 Cur 1957-5 1957-5 4 031 5 781 600 Cur 1957-5 Western Trust High Interest Cheque Acc. The Moneycontr, Physopath PLA 15E 0752 2341 615 000-15 000-614 999 | 500 | 4 151 5 61 6 15 000-614 999 | 15 00 | 1751 5 091 6 15 000-64 999 | 15 00 | 1751 5 091 6 Wimbleton 6. South West Finance PLC LIM Memore St. Landon ECI 7AE 071-006 9465 High an Chemor Acc...!5 50 4131 5 611 Qtr

15.14

1

CROSSWORD

4 55 6-410 4 06 6-440 3 02 6-440 2 01 6-450



ACROSS 1 A hoot and a holler! (6) 4 See just bow deep the blue is 8 Continue obstinately to mis-

spell "sprites" (7)
9 He doesn't like people about, having clues to work on (7) 11 In any way you can, of course (2,3.5)
12 Only the N is missing from 15 Peanuts ordered at the bar

"plant" (4)

13 Add up to sorcery (5)

14 Moving about on board, try to catch fish (8)

16 Was held up by, threatened and intimidated (6.2) 18 She sang off key on it (5) 20 Blow the report! (4) 21 That's fixed it. Have to give

up roaming (6,4)
23 M-A-I-L? (7)
24 Free from the terrible communist clutches, returned (7) 25 Reconsider and huy back (6) 26 Shoe professor Higgins would have recognised instantly (6)

DOWN 1 How a chicken with the pip

feels? (5)

2 Decide the sun shield must be

always up (7) 3 Gathered the fool, having knocked me over, was truly SOLLY (9)

5 Says wa must start with textile workers (6) 6 Bag and keep the lot in cus-

tody (7)
7 Gets a wrong number (9)
10 A vet in order to introduce a small quantity must inject (9)
13 Be unhappy about the appointment to have a share-out (4,1,4)

(6.4)
17 Said one didn't have information that was up-to-date, anyhow (7) Agreeably sleepy? (7)

21 Start the game, do (5)
22 At what point do we seize the female? (5) Solution to Puzzle No.8,079

LOCUST CUMBSHOW
A A A G P II A O
NOTONYOUR SITVAL
O T O V A M E V
WELL RESILIENCE
E A A G N
HAMPTON EIGHTH
A A T M C
ANYHOW SHAVADO
C A A M Y V
CONFUNCTION AND IN TO
CONFUNCTIO

grander variable to the state of the state

MARKET FUND

ROSEWORD

Ē.	FINANCIAL TIMES THURSDAY FE	EBRUARY 18 1993	WORLD STO	CK MARKETS
	ANOTHIA FRANCE (continued)	GERMANY (COORING METHOD AND		
	Pubmery 17 Sub	Pubmish Pubm	1.50	CANADA
7	DS 1912 A	Banco Lambras	20	NEW YORK DOW JONES Fab Fab Fab Fab Fab 1982/83 Since cemplation 18 12 11 10 MIGH LOW HIGH LOW High 122 12 11 10 MIGH LOW HIGH LOW High 122 12 13 10 MIGH LOW HIGH LOW High 122 12 13 10 MIGH LOW High 122 13 10 MIGH LOW High 122 13 10 MIGH LOW High 122 MIGH MI
	Petersery 17 Year +ar	Palmarary 17	Patterney 17 South + or	CANADA TOPIONTO Feb Feb Feb 1982/93 1982/9
THE	Color Marrie Sept	Section 1.170	1-12 Chemp Rock 21.70 4.30	TOKYO - Most Active Stocks Wednesday, 17th February, 1933 The property of th
	Section Section 129 120 12	TDK Corp	01	

								CAN	ADA	<u> </u>										_
Saine Stock	t Rigi	t ion	Citres Cing			High		-	1		High	Ган					Xigh	Low		mg
	TORON	TO		2100	Dertan	500	600	500 +5	91300	Macm Bi	516-A	1612	164 +	٠, ا	8500 Sh	eritt 6	5850	81 ₂	612	1-
41			,	15800	Doction 1st	39	87		8700	Mpi Li Ftis	S1352	135	13'2 +	~4)	1500 52	C Group	\$1024	10	10 ¹ 2	-
			•	1330	Du Pont A	540	639 ¹ 2	40	25900	Mark Res MOS Heh B	480	15	470	-5	9000 50	upan	\$15 ¹ 5	15	15 ¹ 8 +	lg L
8300 Abhibi			14 -34		Company Comp															
7100 AF Cd	En \$57	55	5-k -1 8 280	5000	Errico Lité	387	5 ⁵ 4	83 -1 1210 -10	84300	Magal Corp	229	221 251 ₂	225	5 1 25 5 1 25		lantenEn ck B	\$174 \$173	17.54	174 -	4
2500 ABAND	En \$175	17 15	1724 +14 1514	26400		\$1624	10	164 +4	59300	Moore Corp	\$201 ₈	10% 51 ₂	19%	1 7	4700 7e 7500 Te	legioba ius Corp	\$15 ¹ 8 \$13 ¹ 8	15 ¹ 4 12 ²	154 - 123	10
71100 Am Ba	# S231	120	207	1500	FRI LEI Feinstein x	365 \$6		8 -14	60000	Net Bk Can			6lo	34	3500 To	Omson x Dom Bk	\$14 \$16 ¹ 8	13% 15%	36	4
4230 ABD 0	21 5714	11-4		40400	Finning	\$12% \$1112	12%	127	141300	Home ind A Horandafor	475	470 82	876 85a	٠	6700 70	TaiPNAm	3014		21 4 04	
7600 B. How	mir 5447	234	44 3	19700	Four Season	S18-4	2334 1634	23-4 4 16-4	163100 1100	Nocco6.12 a	\$181 ₂	184	18 ¹ 2 25	42	2600 74	ansAlta anacan P	\$134 \$164	135 181	13-1 16 ⁵ 1	
2300 BCE M	GET A SEL	81 ₉	4514 +3				35		231100	North Print	\$17% \$5410	1834 533	1774 +	2 1	4800 1n	ZOC A	250	226	240 -	18
2100 BGR A	57	1012		4100	Gandle A	\$17	16-3	17 +4	1466200	Northypala Nova Corp	26 ² 2	80 8-8	80	ı	2100 UA	PA	\$16 ⁷ g	1634	167 +	1 _E
4900 Bow V	May \$123	1112 1218	124	201400	GoldinSter	207	87	91 1		MONITOR WOR	\$14.4 \$6.12	14 ¹ 2 6 ¹ 4	14 ts	۱,	2500 Uto	(Domind	S14-4	145g	145	
4200 Brasca	n A 5104	1012	10 - 7	21900		212	147	147g -Ja	4600	Onex Corp	\$73	734	734 +		8400 Vic					30
4800 BC Tel	\$163g	1974	1974 -4	300	GW DEEP	\$51	B		123000	PNNA Corp	57	58	22% +*	. 7	2706 We	coast E ston Geo	\$10 °s \$36 °c	36 ¹ 4	361 ·	4
	wici. 58%	47	872	2800 3300	Hawker Sid	\$8 \$21	20 ³ 4	21	1200	Panctin Pet	5351	345g	352	2 1 1	No voting	rights or	restricted	working n		
	d \$5)	574	524 +1g	37400	Harris Gold	574	758	754	166800		u\$12	114	12	•						
500 Carrior	100 S133	134	133	9900	Home Of	\$133	134	13% -18	433100	Pacer Down	\$17%	475	175	-\-		MO	INDEA			
5000 Chell	Res 43	43	43 -2	300	Helder V&S	3524	514	514	2800	POWER PIR	\$15 ³ 2 \$20 ¹ 4	15 1934	15 4 19 4							
1000 Can Di 1200 Can Pa	E 8171	254	2634+114	95200	irraeco				1800	Duepecer A	\$16			4		4 pm clo	se rebr	ary 17		
200 Can Tr 0400 Can Tin	A \$134	15 ¹ 2	15 12	75500 219000	juco juco	230-2	297	431 ₂ -5 30 +1	60200	Rawrock	UST174	10 8	10%	2			_	-	_	_
7200 Cantis 300 Cantis	81 520%	207	203	20200	Industract InterPlos	87	7	7	89700	Returner \$	819	19	19	1 15	1600 Car	mblor nimp Bk	\$121 ₂ \$271 ₈	121: 284	12 ¹ 2 -1 26 8	-
3600 Canam	21	28	26	2300 1300	Invest Grp	526 % 360	265g 360	360 - 10	50200	Repair Ent	330	320 101	205		900 Can 7000 Cas	Marconi scades	21312 21	13 ¹ 2 7	1352 +1	3
HOO DIPON	220%	d20	204 -4	1100	Jannock	815%	15%	15% -%	127100	Somerstones.	2185	1024	1817 +1	11	2400 Don	ninīrd A	29	9	9 +1	8
1000 Caucad		7	7					201 -1-	518000	Description.	\$253	247	2014 +3	117			_			
100 CHICAN	70	163	70 +5	694600	Lac titale	\$112	724	71 1	517300	Syl(Truptop	175	157	175 +1					1734	174 -1	2
2200 Cred R	dA 485	1612	475 -5 17 +4	1500	Laiden A. Laiden B	8114 \$114	111	114	7500 92100	School Park	\$71 ₂	9	0 -4	. 1	5700 1ch	ngiobe :	\$153 ₈			4
1700 Caputa 1300 Corni S	log 65	144	64	1900 1100	Laurent Bk	\$19% \$5%	1812	191 ₉ -1 ₈	1100	ScottPaper Scotts Hos	\$101 ₂	161 ₄	1012	1 1	3400 Uni					9
	Day 189	140	The company Same Same																	
								INDI	CES											
W WA												ah	Eak	Enh	Fah		100	2/22		-
	ES Feb	Feb														HR			OW	_
ende	18	12							All Dedinar	es (1/1/80)										
				6/280	D/10/2	9 6	283	(27/32)	All Mining	[1/1/BO										
				(12/2/9	PD3%	St) (S	275	118/01/17	Chick Also	M (30/13/84)										
				g1/2/80	256W	3 6	2/93)	(B)7(32)	BELGIUS	1										_
				HATAN.	a press) P	140	(2)4/32)	DENNAF	K										
***			Day						FHLANE	,					283,83			ZSLAZ	(28) DIEC	<u>. </u>
ANDARO	AND P	OOR'S		23 440 14	904 67	44	3.56	440	PRANCE			M1.D	620.2	918.5	928.2	P35.90 (24/3/92)	541.0	(7/9/82)	_
eriode	500.06	573.10		(4/2/8)	B1492	1	273)	(IACA)	CAC Garres	31/12/01										
rdei	41.00	42.00		(4/2/SS	BAR	1 144	253	(21/8/32)	GERMAN	Y	_									
				(4/3/83	BUE	(eu	2/93)	(1/10/74)	Compression	nk (1/13/53)	1B4	2.60	1852.20	1846.60	1851,20	2043.80	(25/5/92)	1594,80	(12/10/3	2
				(U2/93	SALES .	144	393)	25/4/23	HONG K	ONG		7								_
				(12/2/8	ם מוסרם	0 (12	(282)	(9/12/72)	RELANE											_
	- M. A.		A-700 0407				2/5(0)	G1/1972		(4/1/68)	125	£41	1277.68	1302-00	1295.61	1480.57	(17/1/92)	1094.86	(19/10/9	2
## PATRICULTURE 1975																				
Industrial Div.	Yest	_							JAPAN											_
					Jan 27	year		bbior)	7ptyo SE	Topad (4/1/08)	129	327	129C.33	1300.76	1288.95	17B3.43	(C/1/82)	1100.5	(18/8/B)	3
MONTHERN 19																				
									NETHER	LANDS										
W YORK									CBS All Sh	r (End 1983)						215.50 ((36/5/92) 26/5/92)			
chay				† Volu				Feb 11			70	7.57	717.86	719.80	727.28	772.74	18/5/90)	532.4	(25/8/92	1
ier .		Simple S																		
National Co.	5,168,000	B12		NASDAO	'				ADMOUPC	RE										
Depot	3,869,500	60°s	- 34			2,451	2,433	2,450	SOUTH /	FRICA										
	3,515,700	565	- 24	Please		379	744	1,078	,SE Indus	¥ (28/9/70)										
	3,130,100	7012	- 24	Unchanged		375	584	813			68	5,12	672.22	677.52	683.40	708,77	PU (20)	459.07	(51/8/85)	
	2,983,500	484	. *	Same Same Same Same Campon Same Same																
	March Marc																			
									SWITZER	LAND										_
PONTO				-	Lincor	1982	_	- l	SOC F											
1 & Minerale	28	E. 10. 20	27.23 2331.S	0 2947,11	1238.87 (15V		228.91	(17/11/92)		ice (30/6/89)	400	1.10 3	674.73	9876.76	3775.19	5391.83 (30/1/921	3068.4	(9/1/93)	
	30	10.50 34	42.19 3445.5	5 3443.17	3686.00 (16/	1/82)	3195.40	(14/10/82)	THALAN	D				296.33				L		_
HEAL Position	177	12.44 17	64.F1 1786.A	U 1790,96	1937.50 (16)	inse)	1063.16	MANUARI	WORLD			_								-
	100 mg 100	Desert N	YSE AS CORDE	on - 50; Stan	dard end Peo	/8 - 10; 1/83 + F	and Toro	eto boods.±	Esto 100-11	00 (26/6/90)	911	1.05	913.43	918.95	920.33		_			
tried, place Little Higher and low	Man, Franchi	and Trans	portesion. (c) (lowest prices	reached duri	NO DU IN	E. Index 1	heoretical h stock;	Securday F → Secject to	drawy 13: 1ab olikacji piczicy	inter Weighte Inter: † (d Palce: 3. Correction	883.45, Kan	a Comp B	677-33		**	ی است	15.00 GMT.	
has reached	day's highs a turng the day	of lose of	expelled by Tell res in bracket	etural represe	ent the highest day'd.	and low	est value	a Del the					Topologia de 2	n. Hex 6	, MB Gen.	CACAO. Fran	Tgp-100.	SEO Overs	and Day	_
								1	1,000, JE 6	at - 2557, 55	E 21 tom	- 3	17 and Amil	alle All Cr	Franç and M	- 500.	(c) Classed	00 U-0		

Buenos Aires	Publicaciones SA
Bogota	Interamerican Press
Guatemala	Publicaciones Internacion
Guayaquil	Durlar Ecuador
La Paz	Durlar Bolivia
Lima	Durlar SRL
Managua	Publiserisa
Mexico D.F.	S.E.M.
Panama	Mlami Express
Quito	Duriar Ecuador
Rio de Janeiro	Synchro
San Jose	Agencia de Publicaciones
Sao Paulo	Synchro
Santiago	Durlar Chile Ltda

JUI	R NEAREST AGENT	
Ī	Phone	Fax
	(1) 276661	924 - 1572
	(1) 256-6095	236 - 9747
	(2) 347007	325427
	(34) 325248	3212 6 6
	(12) 366887	390710
	(14) 758025	759589
	(52) 660-550	663985
	(5) 207 - 8100	208 - 3979
	(7) 26 - 2886	26 - 7512
	(32) 565016	
	(21) 290 - 6747	290 - 6111
	(6) 59 - 5555	59 - 9491
	(11) 579 - 6482	57 8 - 9754
	(2) 632 - 3037	632 - 4965

4 pm alose February 17

يا. رك

| Temporal | Part | Par

- C -

371-2 25-3. CBI led in 2201-2 25-4. CBI led in 25-5. CBI led in 25-5.

1982/83 1991 Low Stack 25% 17% CUC inth 27% 14% Cutron Ends. 55 42% Curron Ends. 55 42% Curron Ends. 13% 12% Curron the 40% 27% Curron the 6% 4% Cur Ret. 9% 5% Curron Sta 18% 7% Operan Sta 18% 7% Operan Sta 18% 0 Cypron Sta 18% 0 Cypron Sta 18% 0 Cypron Sta

THE THE PROPERTY OF THE PROPER elite commenter in the state of the state of

444

| Text | Fig. | Sec. | THE TO SECRET SE 180 HO HOME TO AND THE PROPERTY OF THE PROPERT 5 30 Horse Leyer

9 44 Horse Steps

15 95 Horse Leyer

15 95 Horse Steps

15 15 Horse Steps

16 15 17 Horse Horse

16 10 Horse Steps

17 Horse Horse

17 11 Horse Horse

17 Horse Horse

17 Horse Horse

18 17 Horse Horse

18 17 Horse Horse

19 18 Horse Steps

19 18 Horse Horse

19 19 Horse Horse

10 19 Horse

10 19 Horse

10 19 Horse

10 19 Horse

11 Horse

12 Horse

13 Horse

14 Horse

15 Horse

16 Horse

17 Horse

18 Horse

19 Horse

19 Horse

19 Horse

10 Horse

1

| 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 化水水水水水 水水水 人名英格兰 人名英格兰 人名 经工程的过去式和过去分词不是一种的人的 فيتمنئ فيندل فليفاطفة

44

| Year |

- L -

.70

- 0 -

· 一方のできるからのできるないのできるというというというというという。

Samsung 8mm Videocamera

| 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 1.00 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 12½ 8½ Cresported
13 5% Cresp Ppf s
11½ 7½ Cresported
15 7% Cresported
15 7% Cresported
16 7% Cresported
16 7% Cresported
16 7% Cresported
16 7% Cresported
17 12½ 12½ Cresported
17 12½ 12½ Cresported
18 12½ 12½ Cresported
18 12½ 12½ Cresported
19 12½ 12½ Cresporte 3 1-12 FM Ireau SA 4-12 FMC Gord SR 5-12 FMC GORD SR 5-12

- Q -- Q
6012 44 GAIX 3.875 3.88 7.8 53 3.45 244 GAIX 3.875 3.88 7.8 53 3.8 52 3.0

455, 261, J River FF 445, 301, J River L 193, 21, APP In: 194, 71, Jacobs En; 34, 55, Julianto Gr 71, 24, Junessey 115, 73, Jan Ge 115, 501, Jacobs Pri 101, 501, Jacobs Pri 274, 252, Jersyl Ba 834, 345, Johnson Ch 54, 425, Johnson Ch 54, 425, Johnson R 54, 425, Johnson R 8.51 30 4 385 x 092 4.0 11 9470 1.22 4.3 16 32 4.5 16 32 4.5 16 32 4.5 16 32 4.5 16 32 1.00 1.0 1.1 14 80 17 400 1.1 14 80 17 400 1.1 14 80 17 400 1.1 14 80 17 400 1.1 14 80 12 8.25 1.21 85 82 1.21 85 82 1.21 85 82 1.21 85 82 1.21 85 82 1.21 85 82 1.21 85 82 1.21 85 82 1.22 87 82 82 1.22 8.27 7.9 82 1.22 8.27 7.9 82 1.22 8.27 1.22 8.2

+14 -13

43 125

20% 144g SP Inc.
31% 254 CM Propose
254 554 CM Corp.
256 254 CM Corp.
257 257 CM Co

ところもちちゃん المراج الموالوليا لا الموادوات

人名英格兰斯 有其人 人名西斯特 人名英格兰

- R -

É

#

And the state of the state of

-	NYSE COMPOSITE PR	ICES	NASDAQ NATIONAL MARKET 4 pm close February 17
2 4 5 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	1. 1. 1. 1. 1. 1. 1. 1.	225, 201, Wintchaster 1,74 5.3 13 122 1021, 331, 525, 11, 121, 121, 141, 151, 161, 171, 182, 171, 171, 171, 171, 171, 171, 171, 17	Section 1985 1985
Stock Acton I Ar Exp Alth In Alpha I An Boy Arman Ass Rev Austro Austro BAH Or Boden Barr In Barr I Bown Bown Bown Bown Cal Eng Capro Cal Eng Capro Charaba Charapa Charaba	Duription Contents of Contents	Stock Div. E 100s Sight Law Close Chair 133 - 14	State Column Co

FT-SE

February 17

Hourty shanges

232.50.

Dow trades narrowly after Tuesday's drama

Wall Street

AFTER the dramas of Tuesday, US stock markets were calmer at midsession, with sbare prices spending most of the morning in a narrow range either side of opening values. writes Patrick Harverson in New York. Secondary stocks. however, continued to be plagued by heavy selling.

At 1 pm, the Dow Jones Industrial Average was up 5.67 at 3,315.16. The more broadly hased Standard & Poor's 500 was down 0.82 at 433.09, while the Amex composite was 4.38 lower at 401.43, and the Nasdaq composite down 6.33 at 659.06. Trading volume on the NYSE was 175m shares by 1 pm.

The markets opened in a sol emn mood, with dealers and investors digesting the implications of Tuesday's 83-point fall in the Dow, which had been triggered by President Bill Clinton's announcement that he will raise taxes levied on both middle-class and higher paid Americans.

Although few ohservers believe that the sell-off preses a sizeable correction in ages a sizeame control the market, some investment

mended that aggressive investors should shift some of their assets from stocks to cash for the immediate term.

As expected, there was some sporadic huying early on as bargain hunters went in search of stocks which might have heen oversold during Tues-day's frenzy. Otherwise, there was little demand in the market, with most investors choosing to sit out the day until the president's State of the Union address to Congress.

Among individual sectors, selected cyclicals staged a mod-est rally: Alcoa firmed \$1 % to \$73%, International Paper year rose \$1/2 to \$67.

Many leading drug stocks. which were hardest hit on Tuesday, remained under pre sure. Bristol-Myers Squibh fell another \$1/2 to \$56%. Merck slipped \$% to \$37% in volume 2.3m shares. Johnson & Johnson gave up \$% at \$42 %, and Pfizer dropped \$1/4 to

One of the day's higgest gains was posted by Hewlett-Packard, which jumped \$2% to \$70 in volume of 1.2m shares after announcing better profits of \$1.03 a share. Analysts said that they were plessed with the company's control of expenses and its order growth.

Hewlett's strong showing gave a modest lift to other computer stocks, with Digital Equipment up \$1/4 at \$42, IBM \$1/4 firmer at \$501/4 and Motorola \$1 better at \$53%.

On the Nasdaq market, healthcare and medical stocks continued to suffer with US Healthcare falling \$1 1/2 to \$44 1/4 and Amgen dropping \$1% to

Canada

TORONTO was modestly higher at midsession but many investors were reluctant to take positions ahead of the presentation of President Clinton's economic proposals to the

The TSE-300 index was 4.60 higher at 3,415.10 in volume of 21.2m shares valued at C\$208.2m. The real estate sector led the gains, bolstered by expectations of creditor approval of Bramalea's debt plan later this week. The

EUROPE

Paris strengthens on hopes of rate cuts

THE FUROPEAN SERIES

MANY continental markets reflected nervousness ahead of last night's State of the Union address in the US, writes Our

Markets Staff.
PARIS built up momentum towards the close with strong performances from the financial sector on renewed hopes of an easing in European interest rates. The CAC-40 index, which had been as low as 1,867 earlier, finished 26.80 higher at 1,904.97, a gain of 1.4 per cent on the day. Turnover was also strong at FFr3.1hn after Tuesday's FFr2.4bn.

A slight easing in the Bundesbank's variable money market rate also helped to encourage the belief that interest rates will come down in the short term. UAP gained FFr15 to FFr544, Suez rose FFr7.00 to FFr287.20 and Société Generale put on FFr2 to FFr626.

Rhône-Poulenc, whose 1992 results were well received, saw its Investment certificates improve FFr8 to FFr550 while the sheres eased FFT1 to FFr548 ahead of entering the CAC on Monday. FRANKFURT recovered from

he new year opened with strong perfor-mances in a number of

the world's emerging markets.

In Latin America, Chile led

the way, far ontperforming the region in dollar terms, according to data supplied by the IFC, part of the World Bank. Thai-

land also had a promising start

to 1993 and, until a setback this

week, had been building on

those gains in February; Tur-key and Greece also feature

Chile received a boost in Jan-

uary following a long awaited

announcement of capital mar-

ket reforms designed to

broaden the range of invest-ment options available to pri-

vate pension funds (AFPs).

This measure allows them to

extend their investment oppor-

tunites beyond the 40 most liq-

uid stocks. Later in the month

activity was stimulated further

when the central bank said

that pension funds could invest up to 1 per cent of their assets

was to boost the IPSA index by

about 12 per cent on the month

than doubled to some \$28m.

average daily turnover more

First Boston, in e Latin

American strategy document,

comments that the outlook for

Chilean equities remains posi-tive, belped by the rosier eco-nomic outlook. "Chile is expec-

ted to register a real GDP

growth rate of 9.7 per cent in

1992, which would be the best

performance in some 30 years."

the report says. "Despite

strong growth the year-to-year inflation fell to 12.7 per cent in

1992, down from 1991's 18.3 per cent and 1990's 27.3 per cent."

However, this must be set

against high interest rates and

the strength of the peso, which

has had a negative effect on exports - these account for

Conversely, Latin America

also saw the worst performer

on the month as Venezuela

dropped by more than 13 per cent in dollar terms. According

to Latin American Securities

in London, public demonstra-

tions against alleged elec-

toral fraud in December's local

elections and rumours of

another coup attempt led to

the market's sharp decline.

some 30 per cent of GDP.

in approved companies.

among the leaders.

Tuesday's post-bourse fall of about 20 points in the DAX index, following that day's tumble in the Dow. The DAX closed only 10.96 lower at 1,653.26 as selling pressure failed to materialise.
Turnover fell from DM7.3bn for the full year.

FT-SE Eurotrack 100 1115.62 1118.92 1118.17 1118.44 1118.18 1118.38 1119.86 1121.77

FT-SE Eurotraek 200 117210 117303 117310 117486 1171.80 1172.21 1172.97 1173.51

1132.97

1184.15

1123.14

1179.54

Actuaries Share Indices

Open 18.39 11.88 12.80 13.96 14.00 15.08 Glose

1129.97

Feb 15 Feb 12 Feb 11 Feb 10

1191.05 1175.45

to DM6.1bn. Dealers said that foreign investors, who had taken their profits on Wall Street, were putting some of their money into the D-Mark via German equities. Siemens. they said, was a case in point as it closed only DM1.70 lower at DM650.

Elsewhere there were falls virtually across the board in financials, carmakers and

Sees value 1000 (26/10/30) High-Hay: 100 - 1122/32 200 - 1175/86 Low/day: 100 - 1175/62 200 - 1170/25 . Degussa emerged with less damage than most, slipping DM1.50 to DM358.50 after a 14 per cent gain in December quarter profits was offset by a forecast of mil profits growth

1126,71

ZURICH saw selling in chemicals on fears over the President Bill Clinton's planned reduction in US health care costs. The SMI index fell 17.5 to 2,112.9 as Roche certificates slipped SFr70 to SFr4,100 and Ciba-Geigy fell SFr11 to SFr665. In industrials, Brown Boveri and the cement producer

Holderbank, fell hy SFr50 to SFr3.880 and SFr7 to SFr584 respectively. MILAN, heset by rumours regarding Fiat and Olivetti, came back from a weak opening, the Comit index closing 1.74 lower at 498.53. Turnover was estimated to be in line with Tuesday's L242bn. Fiat has been influencing the

market throughout the week as investors continue to ignore the group's denial that it plans either to sell some of its assets. is about to announce a joint venture or that Deutsche Bank is to lift its shareholding. The shares fixed down L150 at L4,949 before rising to L5,270

Olivetti became the latest subject of speculation as some investors took the view that Stet might be interested in the group hut, as with Fiat, there was no substance to the reports. Olivettl fixed L99

STOCKHOLM saw a decline in Astra following the decline in US pharmaceutical stocks overnight. The pharmaceutical stock had been strong ahead of next week's 1992 results hut the B lost SKr13 to SKr689 yesterday, as the Affärsvärlden general index fell 10.6 to 974.0

Skrillbn after Tuesday's SKr724in. Volvo was another hig loser with a SKr14 decline in the B shares tu SKr380.

MADRID reacted to pressure on the peseta, which came under heavy pressure against the D Mark in foreign exchange markets. The general index closed 0.95 lower at

AMSTERDAM marked time.

Royal Dutch picking up 80 cents to Fl 153.10, following the cumpletlun of Opec talks in Vienna, while the CBS tendency index slipped 0.6 to 97.7. ISTANBUL soared 8.6 per cent to an ali-time-high of 5,756.49. compared with the previous high of 5,749.69 on August 2, 1990, the day Iraq

invaded Kuwait. Turnover also

hit an all-time high, of

TLS00hn Brokers said that reports of major deposit rate cuts planned by three loading banks, sharp rate falls in the bond markets and cash flooding the lira market due to bulky hond maturities all

Kingtis

17.75

ũ

EC-US :

h_{≓d;n}

Clinto

Kirin 5r

3.75

3 aus tures

Leaders and laggards from Latin America

January offered a mixed outturn from the world's emerging markets, writes John Pitt

Nikkei recovers as region responds to slide in Dow

Tokyo

LATE buying by public pension funds came to the aid of share prices, and the Nikkei average recouped an earlier decline prompted by the overnight fall on Wall Street, writes Emiko Terazono in Tokyo.

The Nikkel finished a net 93.31 higher at 17,009.63, after falling to the day's low of 16.760.81 in the morning session as investors were discouraged hy Tuesday's tumble in the Dow. Index-linked buying and support from public funds prompted the rally in equity prices just before the close.

Volume contracted to 200m still ontscored gains by 521 to 413 at the close, with 188 issues unchanged. The Topix index of all first section stocks was finally up 0.94 at 1,293.27, and in London the ISE/Nikkei 50 index lost 2.35 at 1,038.54.

Investors were inhibited by another rise in the yen, which moved above the Y1.20 level against the dollar for the first time since October. Mr Yasushi Mieno, governor of the Bank of Japan, expressed concern over the sharp fluctuations.

Mr Masao Suzaki, an economist et the Bank of Tokyo, said Japan would probably have to endorse a higher yen in the face of a surging trade surplus, which rose hy 39.4 per cent last month amld increasing pressure by the US on the Japanese government to lift domestic

Some export-oriented, hightechnology issues were sold on the stronger yen. Hitachi receded Y7 to Y678, falling below its 1992 low of Y685. Electric power companies, in contrast, gained on the same score. Tokyo Electric Power moved forward Y10 to Y2,590, Tohoku Electric Power Y40 to Y2,370 and Shikoku Electric Power Y20 to Y2,500.

Retail issues encountered hargain hunting by foreign investors. Mitsukoshi investors. Mitsukoshi advanced Y18 to Y740 and Tokyu Y13 to Y569.

Dealers dahbled in Aids-related stocks. Nagase, a chemical trading company, was the most active issue of the day, climbing Y21 to Y874. Kanematsn, a medium-sized trading company, rose Y26 to Y412. Housing-related shares were

also bought by dealers. Daikyo, the leading condominium builder, moved ahead Y29 to Y864. Sekisui House, which had been sold ahead of its equity-linked bond issue, recovered Y24 to Y979. Nichias, a construction materials maker, put

In Osaka, the OSE average dipped 73.64 to 18,332.64 in volume of 71m shares.

Roundup

THE REGION offered a moderate and by no means unanimous response to events in New York.

AUSTRALIA partially recov ered to end with the All Ordinaries index only 10.8 down at 1,601.3 after an early 1,593.3. Turnover came to a beavy 146.52m shares worth A\$370m.

The index was dragged down by the US-linked News Corp, down 50 cents at A\$29.94 in turnover of A\$50.24m. Banks, particularly ANZ, saved the market from worse damage. ANZ topped industrial turn-over for the second day amid continuing takeover speculation, and closed 9 cents stronger at A\$3.40.

NEW ZEALAND was less fortunate, the NZSE-40 index falling 20.94 to 1,600.71. Volume was beavy at NZ\$65m, some NZ\$41m of that due to Telecom, down 8 cents at NZ\$2.75 after a sharp rise on staffing cuts on Tuesday. Fletcher Challenge slipped 6 cents to NZ\$2.55 after posting interim

TUESDAY FEBRUARY 16 1993

profits at the top end of expec-

SINGAPORE'S Straits Times Industrial index declined 12-80 to 1,616.56 in volume of 120m shares, against 118.3m on KUALA LUMPUR added fur-

ther profit-taking to the Wall Street influence and the KLSE composite index finished 9.20 lower at 625.81. BANGKOK was unable to recover from a wave of early

panic selling over the announcement that First City Investment was forced to defer repaying matured deposits. The SET index closed at 973.24. down 13.41, with the banking, finance and property sectors

seemingly TAIWAN. untouched by the Dow, climbed 3.3 per cent in hectic trade. The welgbted index ended 126.43 higher at 4,001.16 on a wave of late buying, turnover expanding from T\$31.8hn to a very heavy T\$43.25bn. Financials, which had been

rallying on signs of improving profits and links to the premler-designate, Lien Chen, remained particularly strong. HONG KONG finished moderately higher after a day of wide swings on rumours that Sino-British talks on Hong Kong's political future could resume. The Hang Seng index closed 21.84 ahead at 6,087.46 after opening 36 points down. Turnover shrank from HK\$4.29bn to HK\$3.27bn.

Sun Hung Kai Properties topped the actives list and advanced HK\$1 to HK\$31.75.

SOUTH AFRICA

GOLD shares again led the way on overseas interest, the index improving another 42 to 1,050 with Vaal Reefs R4 ahead at R185. The rise was not reflected elsewhere as industrials lost 54 to 4,528 and the overall index 24 to 3,483.

Some confidence returned as January drew to a close with the stock exchange proposing a number of measures to improve the market's transparency and efficiency. With presi-dential elections scheduled for December, most analysts expect the market's volatility to continue throughout 1993.

Thailand, benefiting from good economic data, hriefly saw the SET index testing the 1,000 level, white declining interest rates also encouraged a switch into equities.

Mr David Bates of Asla

Equity says the rally was focused on the bank and finance sectors following better than expected results from the former. However, there was not enough momentum for the SET index to consolidate around the 1,000 mark. He expects a short term technical correction to bring the market back to around 930 to 940.

	IFC EMERGING MARKETS PRICE INDICES													
			Dollar terms			ocal current								
Market	No. of stocks	Jan 31 1993	% Change over month	% Change on Dec '92	Jan 31 1993	% Change over month	% Change on Dec W							
Latin America														
Argentina	(30)	947.39	+ 1.8	+ 1.8	52,452,216	+ 1.9	+16							
Brazil	(70)	100.09	-4.4	-4,4	480,932,735	+ 22.7	+22,7							
Chile	(35)	1,935.69	+ 11.9	+ 11.9	5,752,12	+ 12.7	+ 12.7							
Colombia	(20)	1,024,81	-6.3	-8.3	7,368.80	-5.4	-5.4							
Mexico	(74)	1.647.18	-4.2	-4.2	26,428,73	-4,6	-4.0							
Venezuala	(18)	335.38	-13.2	-13.2	3,573.26	-11.2	-113							
East Asia	•													
South Korea	(134)	270,15	- 5.2	-5.2	259.08	- 4.7	-4.7							
Philippines	(37)	1,776.06	+ 5,6	+ 5.8	2,229,07	+ 4.5	+42							
Talwan, China	(78)	452.71	-0.4	Q.4	289.20	- 0,2	- 0.3							
South Aula														
India	(108)	329.26	+ 1.7	+ 1.7	760.46	+ 1.9	+ 1.0							
Indonesia*	(41)	55.99	+ 3.3	+3,3	64.21	+ 3.2	+3:							
Malaysia	(88)	172.48	-3.6	-3.6	186.43	- 3.4	-3.4							
Pakistan	(65)	235.59	-0.1	-0.1	395,36	+ 1,1	+ 1.							
Thailand	(50)	463,10	+ 12.2	+ 12.2	434.67	+ 12.2	+ 12.							
Euro/Mid East														
Greece	(36)	300.54	+8.9	+8.9	505.28	+ 9.1	+9.							
Jordan	(29)	123.06		+ 6.3	219.46	+8.0	+6.0							
Portugalt	(38)	350.40		+6.2	328.27	+ 5.1	+ 5.							
Turkey‡	(36)	36.38		+8.5	418.21	+ 10.0	+ 10.0							

Even after producing the 200 millionth disc brake there's no sign of any slowing down.

Lucas designed brakes consistently outsell the competition. And the Colette is the most successful of them all. Worldwide sales have been unstoppable, passing the record breaking 200 million mark last year.

> In Japan, giants like Toyota and Honda specify it. So do VW and Mercedes in Germany

and Ford in the USA.

It is another success in a long line of Lucas achievements. Success that has been engineered by investing in advanced

technology, by developing products with potential, by winning in fiercely competitive global markets.

It is no accident that Lucas is No.1 in the world for car brakes. There's no holding us back.



We've engineered a great company.

E	r-AC	TUA	RIES	WORLD	INDICE

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited In conjunction with the Institute of Actuaries and tha Faculty of Actuaries

SEGNAL MANAGES						-										
Figures in parentheses show number of lines of stock	US Ocilar Index	Day's Change %	Pound Sterling Index	Y a rı Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterfing Index	Yen Ipdex	DM Index	Local Currency Index	1992/93 1-ligh	1982/93 Low	Yeer ago (approx)
Australia (68)	129.43	+24	132.56	97.89	109.78	125.42	+1.0	3.86	126.35	132.11	96.56	108.98	124.13	153.68	108.18	145.6
	145.37	+ 2.8	148.89	109.95	123.30	124.06	+1.8	1.81	141.46	147.91	108.11	122.02	121.91	186.70	121.18	
Belgium (42)	140.51	+0.9	143.92	108.27	119.18	117.12	-0.3	5.18	139,32	145.67	108.47	120.17	117.51	152.27	131.16	137.4
Canada (113)	118.23	-0.9	121.10	89.42	100.28	107.57	-0.7	3.06	119.29	124.73	91.18	102.68	108.28	142.12	111.36	134.4
	207.22	+ 1.0	212.24	156.73	175.77	176.43	-Ö.S	1.55	205.08	214.43	156,73	176.89	177.33	273.94	181.70	248.3
Inland (23)	69.21	+ 1.1	70.88	52.34	58.70	85.11	+0.1	1.68	68.47	71,59	52.33	59.06	85.00	68.80	52.84	88.0
rance (98)	150,68	+0.5	154.33	113.95	127.79	130.64	-1.0	3.43	150.00	156,83	114.63	129.36	132.00	168.75	136.93	149.7
	112.04	+ 1.6	114.76	84.75	95.03	95.03	-0.1	2.40	110.25	115.27	84.27	95.09	95.09	129.69	101.59	116.8
	242.92	+0.3	248.81	183.72	206.06	241.18	+0.2	3.74	242.31	253,35	185.18	209.01	240.60	262.28	176.36	197.1
	131.10	+0.6	134.27	99.15	111.20	123.72	- 1.1	4.29	130.32	136,26	99.60	112.40	125.09	173.71	122.98	163.
taly (76)	80.10	+0.7	61.55	45.45	50.97	69.12	+0.0	3.01	59.66	62.38	45.59	51.46	69.12	80.88	47.47	73.4
lapan (472)	108.31	+0.3	110.93	61.91	91.88	81.91	- 0.7	1.01	107.99	112.81	82.53	93.15	82.53	140.95	87.27	118.
	270.90	+0.2	277.47	204.88	229.77	274.55	+0.1	2.44	270.36	282.68	206.81	233.18	274.16	282.42	212.49	245.
	540.95			1165.46	1307.05	5216.95	-0.6		1549.31	1618.88	1184.02	1336.29		1789.77		
	156.67	+0.7	150.47	118.50	132.90	131.36	-1.0	4.33	155.60						1185.84	1674.
										162,69	118.91	134.21	132.63	169.70	147.68	148.
lew Zealand (13)	46.19	+5.2	47.31	34.93	39.18	47.55	+4.5	4.60	43.91	45.91	33.56	37.88	45.49	48.52	37,39	45.
	142.92	+0.8	146.39	108,10	121.23	134.97	-0.5	1.85	141.75	148.20	108.33	122.26	135.69	192.95	128.05	168.
	219.77	+1.0	225.09	166.22	185.41	166.90	+0.9	1.97	217.57	227.48	166.27	187.85	165.33	229.63	179.65	218.
	168.60	+0.7	172.69	127.51	143.01	168.96	+1.0	2.99	167.42	175.05	127.95	144.40	167.23	263.60	134,21	227.
	126.94	+0.2	130.02	96.01	107.67	112.32	-1.2	5.41	126.63	132.40	96.78	109.22	113.73	161.72	107, 10	156.
	163.75	+0.8	187.71	123,85	138.89	180.41	-0.2	2.28	182.40	169,80	124.12	140,08	180.88	200.28	149.69	174,
	113.18	+ 1.7	115.92	85,60	96.01	105.70	- 0.8	2.02	111.24	116,30	85.02	95.95	106.31	122.37	95.99	98.
	164.28	+ 1.0	168.26	124.24	139.33	168.26	-1.1	4.43	162.69	170.10	124.32	140.81	170.10	200.07	161.86	178.
ISA (522)	177.22	-2.4	181.51	134.04	150.32	177.22	-2.4	2.85	181.65	189.83	138.83	156.68	181.65	183,74	160.92	166.
urope (780)	136.79	+ 1.0	140.10	103.46	116.03	129.13	-0.8	3.65	135.43	141.60	103.50	116.82	130.11	156.88	131.31	144.
	151.45	+ 0.8	155.12	114.54	128.46	147.62	-0.3	2.02	150.09	156.93	114.71	129,46	148.08	188,52	141.24	174
	113,55	+0.4	118.30	85.88	96.31	88.18	-0.5	1.35	113.07	118.22	88.42	97.53	88.67	141.97	93.70	121
	122.94	+0.7	125.92	92.97	104,27	104.46	-0.6	2.39	122,10	127.67	93.31	105.31	105.12	145.21	113.80	130
lorth America (635)	173.55	-2.4	177.76	131.28	147,23	172.49	-2.4	2.85	177.78	185.88	135.88	153,37	176.68	179.56	158.70	164
	119.43	+1.0	122.32	90.34	101.32	107.31	-0.5	3.13	118.23	123.61	90.37	101.99	107.89	132.98	111.33	123
acific Ex. Japan (243)	164.98	+1.2	188.98	124.90	139.95	153.07	+0.7	8.48	162.89	170.41	124.58	140.59	151.98	175.31	146.06	156
	124, 15	+ 0.8	127.18	93.90	105.31	106.50	-0.6	241	123.38	129.00	94.30	108.42	107.18	146.91	115.99	
	138.88	- 0.g	142.23	105.03	117.80	124.31	-1.4	2.39	140.08	148.46	107.06	120.83	126.12	150.58	127.21	133.
	141.00	-0.7	144.41	108.65	119.81	127.81	-1.4	2.59	141.99	148.46	108.53	122.48	129.64	153.05	130.04	139.
	159.75	- 1.0	163.62	120.83	135.52	155.21	-1.6	3.14	181.41	168.76	123.36	139.24	157.77	185.40	151.93	142. 157.
						128.18	-1.4	2.59	142.07	148.54	108.57	122.54	130.00	100.70	_151,55	137